

# **Characteristics of Boards of Directors and Board Effectiveness: A Study of Malaysian Public Listed Companies**

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## **DECLARATION**

“I, Wan Fauziah Wan Yusoff, declare that the PhD thesis entitled Characteristics of Boards of Directors and Board Effectiveness: A Study of Malaysian Public Listed Companies is no more than 100,000 words in length including quotes and exclusive of tables, figures, appendices, references and footnotes. This thesis contains no material that has been submitted previously, in whole or in part, for the award of any other academic degree or diploma. Except where otherwise indicated, this thesis is my own work”.

Signature \_\_\_\_\_

Date 20 July 2010

## ABSTRACT

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Boards of directors are integral to modern corporations and, consequently, receive much attention from regulators, researchers and stakeholders. Although this domain is receiving increased scrutiny, most studies have been based on relating various dimensions of board structure and composition to firm financial performance. However, such studies have failed to draw an unambiguous conclusion about the impact of board structure and composition on firm performance. Considering the importance of board dynamics on the effectiveness of the board, this study examines the characteristics of members of boards of directors and determines the contribution that these characteristics make to the effectiveness of boards of directors in Malaysian Public Listed Companies (PLCs). Furthermore, there is limited study in this area from emerging-economy countries with relatively less developed capital markets. The underlying theme throughout this study is that characteristics of members of boards of directors are important components of board effectiveness.

Based on extensive literature, this study develops a theoretical framework and six research questions. The characteristics of boards of director members considered in this study include demographic characteristics, personality characteristics and values, and competencies. Concerning the characteristics of effective boards, this study used a range of boards of directors' attributes including board roles, structure, composition, board membership and board dynamics. However, as this study utilised a qualitative approach, board effectiveness was assessed by reference to the participants' points of view of their overall boards. In other words, what is being assessed in this study is not the relationship between board characteristics and firm financial performance but rather the participants perception of their boards.

Data in this study relied on two key sources: in-depth interviews and publicly available data from 2007 annual reports of the top 100 Malaysia PLCs. In-depth interviews were conducted with 33 directors of the top 100 Malaysian PLCs and 8 representatives of Malaysian corporate governance organisations. They were chosen because of their knowledge and experience in Malaysian corporate governance.

The results of this study show that board members' demographic characteristics (age, tenure, multiple directorships), their personality characteristics and values (commitment, integrity, open mindedness, relationships with others) and their competencies (experience in corporate management, relevant knowledge and skills and relevant types of educational qualifications), as well as good networking with the government, are integral components of the effectiveness of Malaysian PLC boards. In addition, four

components that have been found to be important for the effectiveness of Malaysian PLC boards include competence and diverse backgrounds of board members, a good culture, clear roles and responsibilities, and well-defined board structures. More importantly, the results indicate that board membership is the most important component influencing board effectiveness for Malaysian PLCs. Although the relationship between board characteristics and firm performance has not been addressed directly, this study contributes to the understanding of the important characteristics of board members and board effectiveness.

This thesis makes a number of contributions. The results add to the knowledge base for countries with developing economies. Further, it contributes to theory by proposing an integrated model of board effectiveness, which provides a basis for future hypothesis testing and theory building to identify more consistent relationships between the characteristics of boards of director members and firm performance. Testing the framework against firms' financial performance provides an avenue for future research that can contribute to closing the gap in the knowledge that exists concerning the relationship between board members' characteristics and firms' financial performance.

In conclusion, the results from this thesis may have some implications for Malaysian regulators and others concerned with the establishment of guidelines pertaining to the selection of effective board members and effective boards.

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## **ABBREVIATIONS**

ACID	Australian Institute of Company Directors
AMMB	Arab Malaysia Merchant Bank
ASEAN	Association of Southeast Asian Nations
ASX	Australian Securities Exchange
BAT	British American Tobacco (M) Berhad
BNM	Central Bank of Malaysia
BMF	Bank Bumiputera Finance
CCM	Company Commission of Malaysia
CEO	Chief Executive Officer
CFO	Chief Financial Officers
CLRC	Corporate Law Reform Committee
EPF	Employees Provident Fund
EPS	Earnings per share
ESOS	Employee Stock Option Scheme
FDI	Foreign Direct Investment
FCCG	Finance Committee of Corporate Governance
FIC	Foreign Investment Committee
GDP	Gross Domestic Product
GLCs	Government-Linked Companies
ICA	Industrial Co-ordination Act
IMF	International Monetary Fund
ID	Independent Directors
KLSEB	Kuala Lumpur Stock Exchange Berhad
KLSE	Kuala Lumpur Stock Exchange
MAICSA	Malaysian Institute of Chartered Secretaries and Administrators
MAS	Malaysian Airlines System Berhad

MICG	Malaysian Institute of Corporate Governance
MCCG	Malaysian Code on Corporate Governance
MASB	Malaysian Accounting Standards Board
MIA	Malaysian Institute of Accountants
MID	Malaysian Institute of Directors
MITI	Ministry of Trade and Industry
MSWG	Minority Shareholders Watchdog Group
NEDs	Non-Executive Directors
NEP	New Economic Policy
NEAC	National Economic Action Council
OECD	Organisation for Economic Co-operation and Development
OPP1	First Outline Perspective Plan
OPP3	Third Outline Perspective Plan
PLCs	Public Listed Companies
RM	Ringgit Malaysia
SC	Securities Commission
SIA	Securities Industrial Act
SEMS	Stock Exchange of Malaysia and Singapore
SES	Stock Exchange of Singapore
TMT	Top Management Team
UEM	United Engineering of Malaysia Berhad
UK	United Kingdom
USA	United States of America

# CHAPTER 1

## INTRODUCTION<sup>1</sup>

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### 1.1 Introduction

In dynamic business environments, the roles of both current and emerging boards of directors are under pressure as they seek to undertake challenging responsibilities. Today, boards of directors are expected to perform more than just monitoring company performance (Finegold, Benson & Hecht, 2007). They need to provide strategic advice and help manage a firm during a crisis (Daily, Dalton & Canella, 2003). In ensuring that they perform the above roles effectively, a number of scholars have acknowledged the importance of competent board members who can contribute intelligently towards the sustainability of firms' functions (Forbes & Milliken, 1999; Carpenter & Westphal, 2001; Carter & Lorsch, 2004; Leblanc & Gillies, 2005; Huse, 2005; Levrau & Van den Berghe, 2007a). Due to the importance of members of boards of directors, it is vital to identify the characteristics that make them effective. As Coulson-Thomas (1992) urged, for these reasons the attitudes and behaviours of directors are of more than academic interest, with Leblanc (2003) pointing out that their impacts are likely to influence corporate morale and, in turn, overall performance. In addressing this issue, the present study focuses on investigating the characteristics of members of boards of directors and their effectiveness in achieving company objectives within the top 100 Malaysian Public Listed Companies (PLCs).

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<sup>1</sup> Part of this chapter has been reworked into a conference paper and presented at the Entrepreneurship and Management International Conference (EMIC), 5 to 7 December 2007, Putra Palace Hotel, Kangar, Perlis, Malaysia, and published in the conference proceedings by MEDEC and FBM, and Universiti Teknologi MARA, Perlis, Malaysia.

The present chapter provides an overview of the study covering seven sections as follows:

- 1.2 The importance of boards of directors
- 1.3 Context of the study
- 1.4 Motivation for the study
- 1.5 Significance of the study
- 1.6 Operational definitions
- 1.7 Organisation of the thesis
- 1.8 Summary

## **1.2 The Importance of Boards of Directors**

Company boards of directors are bodies entrusted with power to make economic decisions affecting the well-being of investors' capital, employees security, communities' economic health, and executive power and perquisites (Banks, 2004). Hence, boards of directors have the ultimate internal authority within a company (Renton, 1994).

The history of boards of directors came to the forefront of corporate life in the mid-eighteenth-century in Britain, when the state or the crown created them to ensure business stability (Tricker, 1984). Prior to that time, the only way to do business was as a sole trader or partnership. Within this simple structure, when a business became insolvent, the owner and family held all liabilities (Tricker, 2003). When the concept of joint-stock limited companies with separate legal entities between the owner and the company (called 'separation of ownership and control') was introduced, the owner or shareholders were able to elect a manager of a firm (Garratt, 1997). The owners of such firms were no longer responsible for managing their firm's operations on a daily basis. Rather, daily operations were in the hands of the firm's team of professional managers (Taschler, 2004).

The progression from control by owners to control by managers was first analysed by Berle and Means (1932), leading to what has become known as the ‘agency theory’ (Jensen & Meckling, 1976; Fama & Jensen, 1983). Agency theory argues that the separation of ownership and control in modern corporations has resulted in a potential conflict of interests between the owners and their managers, in which managers may seek to act in their self-interest rather than the interest of the shareholders. Westphal and Stern (2007) added that in many instances firm managers could use their knowledge and managerial expertise to gain advantage over the firm’s owner. Furthermore, Ezzamel and Watson (2005) argued that with growth in business size and complexity of operations, shareholders are not able to monitor their firm’s managers. Abbas (1990) suggested that one way to resolve this problem is to align the interests of both shareholders and managers. To do this, shareholders need to appoint boards of directors to represent them to oversee the firm (Monks & Minow, 2001). Their appointment is based on the assumption that each of the board members is fully accountable for their actions on behalf of the owner (Garratt, 1997).

In the literature, most definitions see boards of directors as groups of individuals elected by shareholders of corporations to oversee companies (Abbas, 1990; Donaldson & Davis, 1994; Bainbridge, 2002, 2008; Abdullah, 2004; Kemp, 2006) and to ensure that the corporation is managed effectively (Young, Stedham & Beekun, 2000). Due to the important role of boards of directors in modern corporations, legal requirements for incorporation typically state that a board of directors is set up to meet specific legal requirements when acting on behalf of shareholders in the firm’s decision-making (Ezzamel & Watson, 2005; Adams & Ferriera, 2007). Board members, therefore, carry out various legal obligations to perform their fiduciary duties<sup>2</sup> in the best interests of shareholders (Afterman, 1970; Andarajah, 2001; Sulaiman, 2001). Such duties include hiring and firing of the CEO and top management (Hermalin & Weisbach, 2002); providing strategic directions (Walt & Ingley, 2001; Kemp, 2006); and assessing resources (Hillman,

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<sup>2</sup> Their duties are as trusted agents who represent shareholders’ interests (Banks, 2004). The directors as fiduciaries of the corporations pledge to adhere to standards of conduct, which do not deplete the assets or earnings of the company (Berle & Means, 1932).



Canella & Paetzold, 2000). In these ways, the board's success in discharging its duties directly influences shareholder values (Abdullah, 2004).

In the growth of reliance on boards of directors to bring stability to large businesses from the 1950s to the 1970s, boards of directors were not seen as a crucial part of the corporate governance process, because, at that time, the board was only part of a CEO's team (Banks, 2004). Earlier researchers (e.g. Mace, 1971; Vance, 1983; Monks & Minow, 1991) claimed that earlier boards were passive, compliant and unproductive, and made little contribution to a firm's strategies. Banks (2004) argued that these boards were often more for status than overseeing the welfare of the business. Board members also tended to be 'yes men' (Stiles & Taylor, 2001), generally providing 'rubber stamp' approval of virtually every matter requiring a decision (Banks, 2004). In this situation, CEOs played the dominant role in company decision-making (Hamilton, 2000). This pattern remained relatively unchanged until an awareness of corporate governance began to develop in the 1970s.

In the years following the above developments, boards of directors have become increasingly complex. Many scholars have argued that globalisation of economies and rapid advances in information technology have presented potent challenges for boards (Conger, Lawler III & Finegold, 2001; Cadbury, 2002; Keil & Nicholson, 2003; Carter & Lorsch, 2004). For example, Conger et al. (2001) and Dalton and Dalton (2005) felt that globalisation has led to sharp increases in the numbers and types of businesses. This has now led to many boards facing enormous challenges in dealing with their global business and operating in diverse governance and cultural situations (Gevurtz, 2002). For example, Arewa (2005) stated that the new corporate culture was also relevant in shaping how boards of directors confront the challenges that a particular business environment may pose. Although their links to a corporation may be remote, they still have to protect the long-term competitiveness of their company (Alfonso, Jikich & Banez, 2005).

In addition, rapid advances in information technology and the Internet have changed the business environment (O'Brien & Robertson, 2009) and the roles of boards. For example, the Internet has become a major business tool, which makes the timeframe for decision-making shorter and faster (Wilson & Lombardi, 2001). As a result, Conger et al. (2001) urged that speed in action is critical to the effectiveness of the board. At the same time, as more corporations use the Internet to disseminate their financial information, the public is now able to gather more information about corporate performance (Xiao, Jones & Lymer, 2002). The ease of access to Internet stock trading has thus enabled more individuals to become shareholders of corporations (Taschler, 2004). This has led to many corporations having large and diverse types of shareholders. In effect, company governance has become more complex than ever before. In these ways, information technology has changed the functions of boards, creating situations that have never been faced before. Banks (2004) argued that if boards are unaware of the impact of technology development, especially concerning the technical aspects of business, they are unable to query or challenge company management effectively.

Given such unprecedented change, many scholars assert that demands and expectations are increasingly being placed on boards of directors, especially in assessing corporations dealing with massive transformations in a global economy (Hillman, Keim & Luce, 2001; Ingley & Walt, 2003). These impacts were discussed earlier by Garratt (1997) in his book *The Fish Rots from the Head*. He urged that in the new business environment, board roles extend far beyond taking care of shareholders' interests. The board instead has to be:

- i. a driver of company business while keeping it under prudent control;
- ii. sufficiently knowledgeable about company activities;
- iii. sensitive to various pressures; and
- iv. focused on the commercial needs of the company while taking care of other stakeholders including employees, business partners and society.

In consequence of this argument, Carpenter and Westphal (2001) maintained that the persistent challenges faced by boards of directors today are to bring

meaningful contributions to corporate strategy and performance. Stiles and Taylor (2001) argued that boards today are called on to choose strategic and tactical initiatives to address emerging opportunities and challenges under circumstances in which the ultimate outcomes of decisions are largely unpredictable. To face these new challenges, boards will need to include individuals with requisite skills of a world-class standard (Coulson-Thomas, 2008). For example, in an earlier study Moran and Riesenberger (1994) suggested that in global economics, leaders should have a global mindset and diverse backgrounds. These include: having a long-term orientation; facilitating organisational change; creating learning systems, motivating employees to excellence; negotiating conflicts; managing skilfully the foreign employment cycle; leading and participating effectively in multicultural teams, understanding their own values and assumptions, accurately profiling the culture of others, and demonstrating knowledge of, and respect for, other countries. Hence, it is becoming clear that boards of director characteristics of the past will no longer be adequate in today's environment. Rather, the emerging business environment now demands a new set of leadership skills that require various leadership competencies and which are realigned towards the future of the company (O'Brien & Robertson, 2009)

### **1.3 Context of the study**

Malaysia is one of the most successful non-western countries to have achieved a relatively smooth transition to modern economic growth during the last century (The World Bank, 2005a). In terms of the global competitiveness index<sup>3</sup> 2006/2007, Malaysia was ranked (number) 26 of 50 countries (World Economic Forum, 2008). Since independence in 1957, Malaysia has moved from an agriculturally-based economy to a more diversified and export-oriented economy that includes consumer products, electrical and electronic goods and agricultural products (Economic Planning Unit, 2006). As a result of recent economic

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<sup>3</sup> Global competitive index 2006/2007 – 1) Switzerland, 2) Finland, 3) Sweden, 4) Denmark, 5) Singapore, 6) USA, 7) Japan, 8) Germany, 9) Netherlands, 10) UK, 11) Hong Kong, 12) Norway, 13) Taiwan and China, 14) Iceland, 15) Israel, 16) Canada, 17) Austria, 18) France, 19) Australia, 20) Belgium, 21) Ireland, 22) Luxembourg, 23) New Zealand, 24) Korea Rep, 25) Estonia and 26) Malaysia.

development, Malaysia has made significant progress towards achieving advanced country status underpinned by strong economic growth (6.0% of Gross Domestic Product (GDP) in 2006) and which is comparable with that of other developed countries such as Korea, Singapore and Taiwan (International Monetary Fund, 2007). This was to a great extent due to the rapid expansion of the capital market of Malaysia. In 2008, the Malaysian capital market turnover reached a total capitalisation of Ringgit Malaysia (RM) 877 billion (AUD 370 billion). This contributed 4.5 per cent of the 5.5 per cent of the Malaysian GDP (Economic Planning Unit, 2008).

The success of Malaysia's economic development has been widely acknowledged to have resulted from various government efforts (Yaacop, 2004), in which the government has maintained macroeconomic stability and growth by providing prudent economic and fiscal policies relating to trade, competition, regulations, financial systems, capital markets, and technology and innovation, (Economic Planning Unit, 2007). For instance, in the Ninth Malaysia Plan the government focused on strengthening existing economic sectors and generating new knowledge-intensive activities in information and communications technology, biotechnology and the services sector. This plan provides a blueprint of strategies and programmes that are geared towards realising the economic and social objectives of the country. Part of this plan is to strengthen corporate governance in Malaysia.

In relation to corporate governance, unlike developed countries including the USA, UK and Australia, Malaysia has been characterised by an insider system of corporate governance with high levels of ownership concentration, crossholdings and significant participation of owners in management (The World Bank, 1999; 2005a; Cleassens, Djankov & Lang, 2000; Khatri, Leruth & Piesse, 2002). The World Bank (2005a) reported that in more than half of Malaysian PLCs, the five largest shareholders own 60 per cent or more of company equity. The largest shareholder groups among the top five shareholders in Malaysia are nominee companies (45.6%), followed by non-financial companies (25.1%) and the government (17.2%). The majority of nominee shareholdings are owned by

family enterprises (The World Bank, 2005a). Further, within the top 20 per cent, 85 per cent of Malaysian PLCs have owner-managers (Cleassens, Djankov & Lang, 2000). With this structure being widespread, the major shareholders control most companies' decision-making, including the appointment of board members (Dogan & Smyth, 2001; Gomez, 2005; On Kit & Tan, 2007). As a result, the characteristics of board members of Malaysian PLCs have been found to be quite diverse. Further reports of Malaysian corporate governance and boards of directors are presented in Chapter 3.

## **1.4 Motivation for the study**

This study was conceived at a time when directors' accountability in Malaysia was considered an important issue in the improvement of Malaysian corporate governance. For example, in 2000 the Malaysian Code on Corporate Governance (MCCG) placed the responsibility for sound governance on the boards of directors. Part 2 AA III of the MCCG (2000, p.10.) specifies that:

Non-executive directors should be persons of calibre, credibility and have the necessary skills and experience to bring an independent judgement to bear on the issues of strategy and performance including key appointments and standards of conduct.

Here, MCCG recommended that Malaysian PLCs should have well-balanced and effective boards of directors that are both credible and independent. Khoo (2003) argues that as the code fails to specify good characteristics of board members (e.g. experience, qualifications and relevant competencies), the appointment of the majority of Malaysian PLCs directors, particularly outside directors, has been determined by top management self-interest (Tan & Sendjaya, 2007). It was found that the appointment of the majority of non-executive independent directors of Malaysian PLCs was based on personal contact, either with the chairman or with the CEO (PricewaterhouseCoopers & KLSE, 2002). This has led to about 85 per cent of board members in Chinese-owned companies in Malaysia consisting of their family members (Khoo, 2003). In contrast, the board members of government-linked companies come from diverse backgrounds

including distinguished ex-civil servants, specialists and other knowledgeable persons (Khazanah Nasional, 2006).

The importance of characteristics of members of boards of directors has been the subject of an extensive body of research. A number of scholars have identified the importance of directors' demographic backgrounds, including age, tenure, experience and gender, to the effectiveness of the board and firm performance (e.g. Hambrick & Manson, 1984; Wiersema & Bantel, 1992; Westphal & Milton, 2000; Vafeas, 2003; Smith et al., 2006; Campbell & Manges-Vera, 2008). In addition, Carter and Lorsch (2004) claimed that the majority of members of boards of directors are incompetent, but offer no specific supporting evidence. More recently, Levrau and Van den Berghe (2007b) looked more closely at directors' qualities and revealed that directors' personalities, education, occupational and functional backgrounds are important for the effectiveness of boards. These findings imply that the characteristics of members of boards of directors provide valuable insights into board and into firm performance.

Although the characteristics of board members have been extensively studied in developed countries, limited research has been undertaken on this topic in Malaysia. Nevertheless, a study conducted by Haniffa and Cooke (2002) revealed that three board members' characteristics (ethnic backgrounds, composition and multiple directorships) were significantly related to corporate social disclosure among Malaysian PLCs. Specifically, PLCs boards dominated by Malay directors significantly increased the levels of corporate social disclosure. However, no study to date has examined the influence of board members' personality characteristics and competencies in Malaysia.

Based on the above-mentioned knowledge gap, the aim of this study is to examine the characteristics of members of boards of directors and to determine the contribution that these characteristics make to the effectiveness of the boards of Malaysian PLCs. Hopefully, such an examination can add to the growing body of research in this area, particularly in providing evidence from a developing capital-market economy. Specifically, this study aims to determine:

- i. characteristics of effective directors in Malaysia;
- ii. characteristics of effective chairman,<sup>4</sup> CEOs, and independent directors in Malaysia;
- iii. characteristics of effective boards in Malaysia; and
- iv. whether the characteristics of board members are congruent with board effectiveness of Malaysian PLCs.

Given the significant developments in corporate governance in Malaysia and the potential for anomalies in the characteristics of members of boards of directors in the less developed capital market of Malaysia, the conclusions drawn from this study are supported by secondary data as well as by empirical evidence from interviews with the directors of 41 of the top 100 Malaysian PLCs.

## **1.5 Significance of the study**

This study contributes to the emerging interest in boards by examining the characteristics of members of boards of directors and to the development of an effective board. It is envisaged that this study will determine the relevant characteristics of Malaysian PLCs boards of directors, both individually and overall, in five ways.

First, as all boards are unique yet in some ways alike, their efficacy may vary depending on a range of components. However, in determining effective boards, Leblanc (2003) and Roberts, McNulty and Stiles (2005) argued that board members' characteristics are more important than the structure or composition of the board. Similarly, Ricart, Rodriguez and Sanchez (2005) contended that boards of corporations should comprise individuals with the requisite skills, values and connections, which enable them to sustain corporate business. Following the above arguments, the results of this study should contribute to the interests of both academics and business practitioners by developing an in-depth understanding of the demographic backgrounds, personality characteristics and values, and competencies of corporate leaders including individual directors,

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<sup>4</sup> Chairman include male or female or singular or plural

chairman, CEOs and independent directors. These results are expected to further inform corporate decision-makers in other contexts that have similar characteristics to Malaysian firms.

A second contribution that stems from this study of boards of directors is its use of a qualitative approach. In spite of the intense research interest in boards of directors in Malaysia, most studies have largely utilised a quantitative research approach (e.g. Haniffa & Cooke, 2002; Abdullah, 2004, 2006; Rahman & Haniffa, 2005; Haniffa & Hudaib, 2006). Therefore, a qualitative study on the characteristics of members of boards of directors in Malaysian companies can provide a different perspective and reduce the observed gap in research by studying the characteristics of members of boards of directors and board effectiveness in Malaysia. This expands upon similar work by Leblanc (2003) and Levrau and Van den Berghe (2007b). In particular, the present study adds to the body of knowledge by demonstrating the value of using a qualitative methodology in corporate governance research.

Third, much of the existing research on members of boards of directors has focused on western countries' corporations and governances (particularly the US, the UK and Australia). As studies of members of boards of directors in the Malaysian context are still limited, the present study contributes to the body of knowledge in this area by taking another perspective through examining Malaysian PLCs' boards.

Fourth, this study addresses Malaysian public policy issues concerning the characteristics of members of boards of directors and board effectiveness in Malaysia. Therefore, this study should contribute to a better understanding of the general and specific characteristics of boards of directors in Malaysian PLCs, and is particularly useful for assisting nomination committees choose the best criteria when appointing their board members.

Finally, the results of this study should contribute information about the characteristics of effective boards that can be used by Malaysian regulators in



formulating corporate governance policies in Malaysia. Ultimately, this study may contribute to the overall enhancement of Malaysian corporate governance.

## **1.6 Operational definitions**

As there are certain terms for which there are various definitions, this section defines the key terms as they apply in this study. These comprise:

### **1.6.1 Characteristics**

In this study, characteristics refer to three aspects of board members as follows:

#### **i. Demographic characteristics**

Demographic characteristics include age, gender, ethnic group, tenure and number of directorships (Hambrick & Manson, 1984; Zahra & Pearce, 1989; Westphal & Milton, 2000).

#### **ii. Personality characteristics and values**

Psychological characteristics and values include commitment, integrity, courage, confidence, ability to lead, being consensus builders, and being challengers (Hambrick & Manson, 1984; Coulson-Thomas, 1992; Milliken & Martins, 1996; Leblanc, 2003; Yulk, 2006).

#### **iii. Competencies**

Competencies refer to individual capabilities or abilities to perform particular roles (Boyatzis, 2008). These include knowledge and skills, educational qualifications and industry experience (Hambrick & Manson, 1984; Coulson-Thomas, 1992; Milliken & Martins, 1996; Forbes & Milliken, 1999, Conger et al., 2001).

### **1.6.2 Members of boards of directors**

In this study, members of boards of directors refer to any individuals who work jointly with fellow directors on a board (Wallance & Zinkin, 2005). These include chairmen, CEOs and independent directors who have the same legal responsibilities despite performing different functions (Rachagan, Pascoe & Joshi, 2002).

### **1.6.3 Board effectiveness**

Due to the lack of one general academic definition describing board effectiveness, in this study board performance refers to board effectiveness, since both terms have been used interchangeably (Levrau & Van den Berghe, 2007a). However, as many exogenous factors influence board effectiveness, in this study board effectiveness has not been examined in terms of financial performance. Instead, board effectiveness has been assessed by reference to how participants perceive their overall boards, particularly the internal perspective of boards of directors (board structure and composition, board process and individual directors); and external aspects of boards of directors (legislation and economic situation). Thus, board effectiveness in this study will be determined by the directors' perception of the optimum board level, not anything less (Leblanc, 2003).

### **1.6.4 Malaysian Public Listed Companies (PLCs)**

Malaysian PLCs refer to the public listed companies registered in Malaysia and listed on the first board of Bursa Malaysia Berhad (Bursa Malaysia, 2008b).

## **1.7 Organisation of the thesis**

This thesis is organised into nine chapters as follows:

**Chapter 1 (Introduction)** covers the importance of boards of directors, the context of the study, motivation for the study, significance of the study, operational definitions and the organisation of the study.

**Chapter 2 (Literature Review on boards of directors)** includes board effectiveness, the influence of the various board attributes on board effectiveness, and characteristics of boards of directors' members. This chapter also describes the evidence from previous studies on the importance of the boards of directors' members. Five theories including upper echelon theory, trait theory, resource dependency theory, agency theory, and human and social capital approach are discussed in this chapter.

**Chapter 3 (Corporate governance in Malaysia)** provides a brief history of the Malaysian national and economic setting, the New Economic Policy (NEP) and corporate ownership control in Malaysia, concentration of ownership in Malaysia, corporate governance development in Malaysia, the Malaysian corporate governance framework and boards of directors in Malaysia.

**Chapter 4 (Theoretical framework)** provides justification for the framework of this study to enable the development of six research questions. These questions are formulated to investigate issues relating to the objectives of the study.

**Chapter 5 (Research design)** justifies the qualitative research design used in this study. In addition, the research strategies and data collection process including interview procedures and data analysis process are discussed. The last section discusses the rigour of the study.

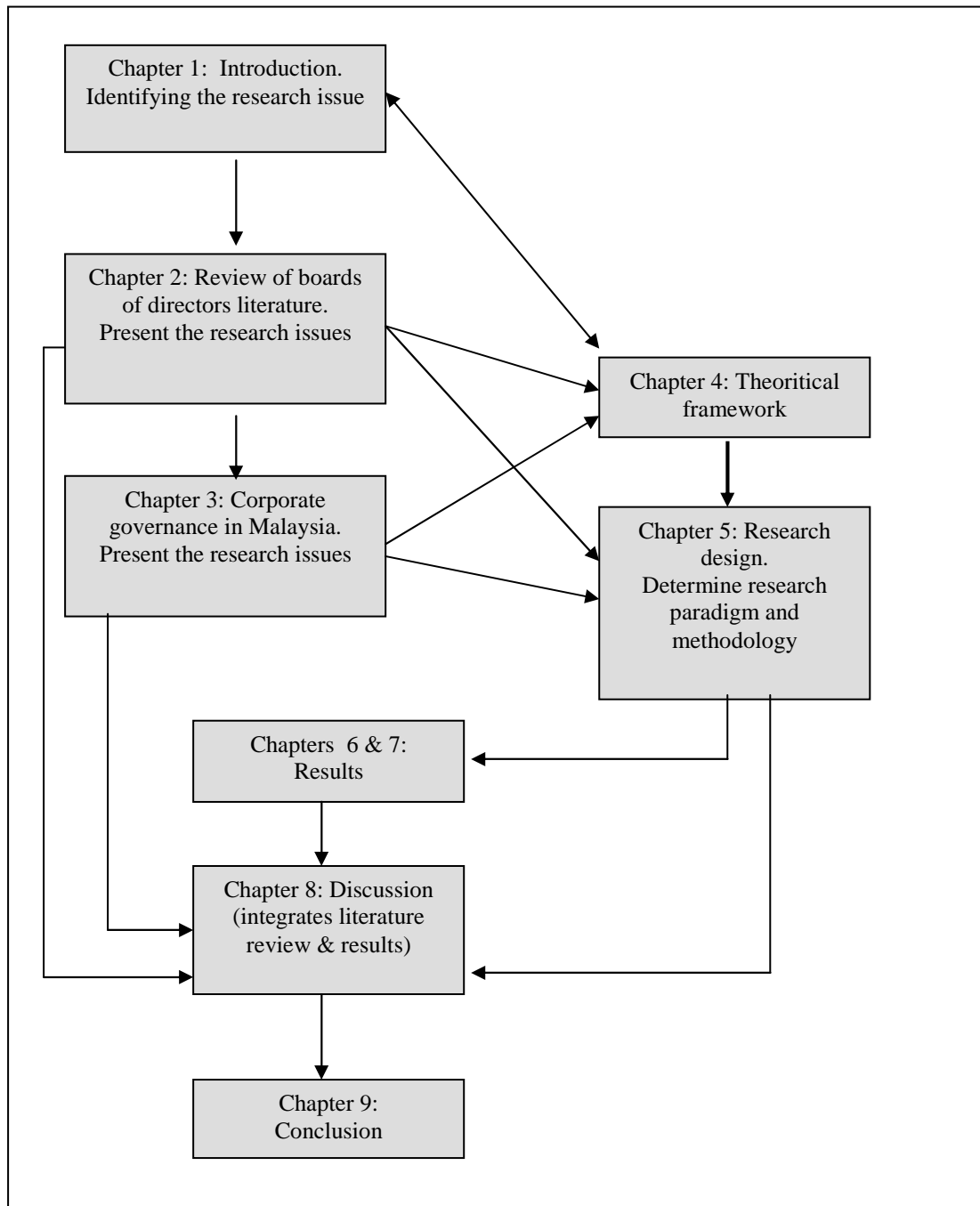
**Chapter 6 (Results 1 – Characteristics of members of boards of directors)** reports on the data collected from annual reports and interviews. Four categories of characteristics of board members are reported: directors' characteristics, chairman's characteristics, CEOs' characteristics and independent directors' characteristics.

**Chapter 7 (Results 2 – Characteristics of effective boards)** reports on the characteristics of effective boards in Malaysia.

**Chapter 8 (Discussion)** presents a discussion of the study results in relation to relevant theories and empirical studies, as well as to Malaysian corporate governance scenarios.

**Chapter 9 (Conclusion)** concludes the study and discusses its contributions and limitations. Suggestions are made to future researchers engaging in the study of boards of directors.

An overview of the study showing the inter-relationships of the nine chapters is shown in Figure 1.1 below.



**Figure 1.1: Organisation of the thesis**

## **1.8 Summary**

This chapter has laid the foundation for the study by introducing the importance of boards of directors, the context of the study and motivation for the study. This chapter has also summarised the significance of the study and the operational definitions used. The following chapter provides a review of the literature relevant to understanding the context of the study.

## **CHAPTER 2**

# **LITERATURE REVIEW ON BOARDS OF DIRECTORS**

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### **2.1 Introduction**

With the corporate failures of the last decade, both academic and financial practitioners have begun to recognise the importance of boards of directors to corporate governance. The roles of boards of directors are challenging as they seek to discharge a diversity of roles and responsibilities in a dynamic business environment. Boards are expected to perform a variety of functions including monitoring of management to mitigate agency cost (Fama & Jensen, 1983; Johnson, Daily, & Ellstrand, 1996; Dallas, 2001; Harris & Raviv, 2004), providing and giving access to resources (Preffer & Salancik, 1978; Hilman & Dalziel, 2003) and providing strategic direction to the firm (Tricker, 1984; Conger & Lawler, 2001; Kemp, 2006). Carpenter and Westphal (2001) urged that a board should be studied as a team of individuals who combine their competencies and capabilities and contribute towards executing a company's governance. Given the increasing importance of the individual members of boards of directors, it is important to identify the characteristics of board members that make one more effective than another.

This chapter provides a review of theoretical and empirical studies on boards of directors. It serves the purpose of demonstrating a diversity of approaches to studying boards of directors and the importance of studying the characteristics of such boards. This chapter is organised into three parts:

- 2.2 Board effectiveness
- 2.3 Characteristics of members of boards of directors
- 2.4 Summary

## **2.2 Definition of organisational effectiveness**

Organisational effectiveness is not a simple concept as each organization is different (Thibadeaux & Favila, 1996). The literature observations from earlier studies on organisational effectiveness bring about several meaningful views by scholars. Generally, organisational effectiveness (OE) is conceptualised in terms of understanding an organisation as a “measure of worthiness” for taking part in “society’s resources” (Armstrong, 1994; Federman 2006).

Historically, organisational effectiveness has been defined in relation to outcomes or goals. For example, an earlier scholar (Price, 1968) measured effectiveness based on the goal attainment approach. Within this approach, effectiveness was evaluated from what the organisations were trying to do, and he defined effectiveness only if operative goals were clearly articulated. He also suggested five variables (productivity, conformity, adaptiveness and institutionalism) that can be used to measure organisational effectiveness. Although this approach is relevant until today, it was argued that in the goal approach the casual associations between certain predictor variables and effectiveness have never been empirically demonstrated because organizational effectiveness relies on more than one factor (Cameron, 1986). The above argument shows that it is not easy to determine organisational effectiveness based entirely on goal achievement.

Later, a number of scholars developed broader scopes of organisational effectiveness. For example, based on a literature review of performance measurement, Kanter and Brinkerhoff’s (1981) made a distinction among three kinds of effectiveness as follows:

- i. Task effectiveness or goal attainment, including output, results and efficiency;
- ii. Appropriate organisational structure and process, including organisational characteristics, member satisfaction, absence of strain between subgroup; and



- iii. Environment adaptation, including flexibility in the face of change, longer-term adaptation and survival.

They concluded that effectiveness appeared to be a political rather than a specific concept as the new models of organisations had moved away as a result of environmental, economic and political changes. In agreement, Federman (2006) believes that such assessments can reflect the creation of a complex environment within which the organisation exists and interacts; the organisation can reconceive its theories of action by balancing four primary competing values – focus, structure, outcomes, and orientation.

Despite these factors, Redshaw (2001) suggests that effectiveness can be better evaluated if the components or entities are broken down into ‘workable fields’. According to Redshaw (2001), if the business process or functions that will bring about improvements in the organisation are identified, then the indicators for success (as identified by managers) can be linked to the objectives for the business functions. The broken down workable fields suggested by Redshaw (2001) are increasing resourcefulness and improving internal processes (internally), and achieving goals and satisfying clients (externally).

- i. Internal indicators of organizational effectiveness implies that improving internal processes based on hard data such as labour turnover, motivation and teamwork brings better functioning of internal process, which is associated with an organisation’s process.
- ii. External component requires organisations to have clearly defined processes, goals and planning to be able to realize their effectiveness. According to Redshaw (2001), this means that an organisation has broadened its market base, increased production capacity, improved production economy and increased its ability to respond to changes.

The above reviews show that the terms 'effectiveness' and 'performance' are used interchangeably because their definition, measurement and explanation are virtually identical. Therefore, some of the indicators of effectiveness found in the literature are; quality of services or product, employee satisfaction, employee

withdrawal (Lunthaus et al., 2000), growth indicators in terms of profit or rate of return on investment (Steer, 1997). For example, if organisational effectiveness is defined in terms of its degree of financial achievement, it is obvious that achieving high financial performance becomes the main criteria for measuring effectiveness (Armstrong, 1994). More importantly, it has been argued that the organisation is called effective when it successfully achieves its purpose and objectives, while also meeting its responsibilities to its stakeholders including the owners, shareholders, public authorities, the employees, the customers, client and the community (Lunthaus et al., 2000).

Because of the various measurements of organisational effectiveness found in the literature, it can be concluded that there is no universal measurement and model of organisational effectiveness. The following sections provide evidence on the various components that can be used to measure effectiveness within the boards of directors' perspective.

## **2.3 Board effectiveness**

### **2.3.1 Measuring board effectiveness**

In the boardroom context, the issue of board effectiveness has been one of the most sought after yet elusive research subjects since the early development of corporate governance. Particularly, board effectiveness studies emerged as a result of a number of corporate frauds, as well as an increase in public awareness about the importance of high standards of corporate governance (Barton & Wong, 2006).

There is abundant research in the literature that examines board effectiveness. Similar to organisational effectiveness, there is no absolute board effectiveness measurement found in the literature. Early attempts to measure board effectiveness used quantitative measurements. Board effectiveness was measured as the relationship between various characteristics of boards of directors (in particular board composition and structure) and various financial performance measurements such as Return on Assets (ROA), Return on Equity (ROE),

Earnings Per Share (EPS) and Market Book Ratio (Tobin q). For example, Zahra and Pearce (1989), Yermack (1996), Dahya and McConnell (2003), Abdullah (2004), Bozec (2005) have covered aspects such as board composition, characteristics, and their impact on firm performance. The literature has identified board size, proportion of independent directors, Chair-CEO separation, board diversity, board remuneration, as the key factors that influence the effectiveness of boards.

Through the numerous changes that have occurred in the corporate environment during the last decade it was soon discovered that financial performance is no longer the only criteria to be taken into account when evaluating business effectiveness. Instead it is argued that board effectiveness is a broader construct because it captures performance plus the plethora of internal performance outcomes normally associated with more efficient or effective operations and other external measures that relate to considerations that are broader than those simply associated with economic valuation (either by shareholders, managers or customers), such as reputation (Thibadeaux & Favila, 1996). As a result, beginning year 2000 many scholars (e.g. Walt & Ingley, 2001; Leblac, 2003; Finkelstein & Mooney, 2003; Sonnedfeld, 2002; Huse, 2005, 2007; Schmidt & Brauer, 2006; Levrau & Van den Berghe, 2007b; Finegold, 2009) proposed that the overall component of the board including board behaviour in respect to strategic decision making, the teamwork of board members and their interaction with management were the most reliable indicators of board effectiveness. For example, from a qualitative research Leblanc (2003) discovered three main components of an effective board as follows:

- i. Board membership – includes the full panoply and balancing of all directors competencies and expertise
- ii. Board structure – includes board size, board composition and leadership structure
- iii. Board process – appropriate balance of directors behaviour in order to ensure effective interaction with fellow board members and management

In agreement, based on an analysis of 131 Belgian listed companies, Berghe and Levrau (2004) discovered eight elements of effective boards. These include: the

right structure, the right people (including appropriate characteristics of the chairman); the right culture; the right issues; the right information; the right process; the right remuneration; and the right follow-through. The same authors argued that although each element plays an important role in board effectiveness, some elements are more important than others. More importantly, they concluded that a board needs to have the ‘right’ people who can shape the right structure, culture and process of the board.

Similar to organizational measurement, it can be concluded that board effectiveness is a broader construct. Therefore, the review of different perspectives confirm the need to take an integrated approach rather than a single perspective to understand board effectiveness. To justify this conclusion, in the following sections board effectiveness is discussed from two perspectives:

- i. Internal perspective of boards of directors – controllable elements including factors associated with board structure and composition, board process and individual directors; and
- ii. External aspects of boards of directors – uncontrollable elements including external factors such as legislation and economic situations.

### **2.3.2 Determinants of board effectiveness – from internal perspective of boards of directors**

Internal perspectives of the board are the most popular area in board effectiveness research. Five internal aspects of boards of directors (board composition, board structure, board process, board roles and board membership) are the most popular issues that have been widely researched.

#### ***Board composition and structure***

In this section board effectiveness is reviewed within three perspectives; board size, a mixture of inside and outside directors; and duality of roles.

**Board size.** Board size refers to the number of directors sitting on the board (Levrau & Van den Berghe, 2007a). Board size has been found to vary between one country and another. For example, boards in Europe, in three countries (the UK, Switzerland and Netherlands) tend to have a small board size (fewer than ten board members), while other countries (e.g. Belgium, France, Spain, Italy and Germany) have a larger board size, i.e. between thirteen and nineteen members (Heidrick & Struggles, 2007b). In Australia, board size has an average of seven members (Korn/Ferry International & Egan Associates, 2007).

When considering the size of the board, there is a trade-off between advantages and disadvantages. Some scholars view a small board as more effective because it is easy to coordinate and tends to be more cohesive (Hossain et al., 2001; Kiel & Nicholson, 2003; Mallin, 2005). However, Conger and Lawler (2009) argued that there is no magical or ideal size for a board and the right size for a board should be driven by how effectively the board can operate as a team. Meanwhile, from the resource dependency perspective, larger boards are important to provide resources that are valuable to the firm (Pfeffer, 1972; Hillman et al., 2000; Taschler, 2004). This relationship is grounded in the view that board size is related to a firm's ability to access critical resources and the external environment (Dalton et al. 1999; Hillman et al., 2000; Hillman & Dalziel 2003). From an agency perspective view, larger boards provide effective monitoring by reducing the domination of the CEO (Fama & Jensen, 1989; Harris & Raviv, 2004). Despite the above advantages, Gabrielsson and Winlund (2000) and Conger and Lawler (2009) argued that larger boards could end up as legislative bodies rather than as working groups. In addition, Daily and Dalton (2004) assert that with a larger board it is easier for an individual director to hide metaphorically and pass the responsibility for raising provocative questions and engaging in active debate in board meetings to other directors. Conger and Lawler (2009) considered nine to 13 members to be appropriate for corporate boards.

The impact of board size on board and firm performance has been a matter of continuing debate. Some studies discovered a positive relationship between board size and firm performance. For example, Pearce and Zahra (1991) found a

significant positive link between board size and different measures of financial performance, using data from Fortune 500 industrial companies in the US. In addition, Kiel and Nicholson (2003) examined the relationships between board demographics and corporate performance in 348 of Australia's largest publicly listed companies and found that board size is positively correlated with firm value. Likewise, Chen, Goa and Rui (2006) found that board size is positively related to earnings per share among listed companies in China. Furthermore, Andres and Vallelado (2008) revealed that larger boards are more efficient in monitoring and advising functions and create more value for a firm.

In contrast, many researchers provide empirical evidence of a negative relationship between board size and firm performance. Yermack (1996) for instance, illustrates a negative relationship between board size and firm performance in the US. Furthermore, Beiner et al. (2004) analysed the relationship between board size and the independent corporate governance mechanism of Swiss firms, and revealed a negative board size effect. Meanwhile, in Thailand, based on a study among life insurance companies, Connelly and Limpaphayon (2004) revealed that board size does not have any relation to performance. More recently, Van Ees et al. (2008) performed a similar study on listed firms in the Netherlands and found that even though the system of control mechanisms is different in the Netherlands compared to their US counterparts, there is a negative relationship between board size and firm performance in the Netherlands, similar to the US. In addition, Dey and Chauhan (2009) revealed that as board size increases, group dynamics, communication gaps and coordination costs increase.

These mixed results show that the relationship between board size and firm performance is inconclusive. Bhagat and Black (2002) argued that one possible explanation for the conflicting findings regarding the relationship between board size and firm performance is the endogeneity of some factors in the firm performance model. For example, board size itself may be influenced by other governance factors such as board structure and board leadership (Colley et al. 2005). For these reasons, Dalton et al. (2003) concluded that there is no

consensus about whether larger or smaller boards are better with respect to their impact on firm performance, irrespective of the type of performance indicators used. Based on the above reviews, it can be concluded that the effect of board size on board effectiveness remain inconclusive.

***Internal directors.*** Internal directors called ‘executive directors’ are full-time employees of a company, and involved in day-to-day company operations (Keil & Nicholson, 2003). Kesner (1988) stated that they are typically the Chief Executive Officer (CEO) and Chief Financial Officer (CFO). For example, being an executive director, the CEO is responsible for the running of the company’s daily activities, as well as setting and implementing company strategy (Cadbury, 1992). Following this, Carver and Oliver (2002) claimed that the survival of any company depends on the CEO’s ability to adjust quickly in response to a change in direction or sudden marketplace shift. Since inside directors are more involved in company operations and can access more information, Tomasic and Bottomley (1993) argued that they are more committed to performing an oversight function of the board. For example, in Canada, Bozec (2005) found that the inside directors who possessed superior information provided more effective evaluation of the top managers. In addition, Markarian and Parbonetti (2007) found that they are better positioned to assess the overall quality of the decision-making process.

Because of the important roles of executive directors, some studies have shown that the presence of such directors has a positive impact on firm performance. For example, Kiel and Nicholson (2003) examined the relationship between board demographics and corporate performance in 348 of Australia’s largest publicly listed companies and found a positive relationship between the proportion of inside directors and firm performance. Likewise, Kaymak and Bektas (2008) found that a higher proportion of inside directors was related to a firm return on assets. Although having inside directors has been found to lead to several advantages for the board, most corporate governance codes emphasised that boards should comprise more outside directors. Thus, the proportion of executive

directors was found to be much lower than non-executive directors in most countries.<sup>5</sup>

**External directors.** External directors are known as ‘non-executive directors’, ‘non-employee’ or ‘part time’ directors (Mace, 1972). From the agency theory perspective, non-executive directors (NEDs) contribute to effective governance by exercising control over top managers’ decision-making because they can provide independent assessments and checks and balances for the board (Mace, 1972; Fama & Jensen, 1983). The latter authors added that more non-executive directors on the board can reduce the probability of top management colluding to expropriate shareholders’ wealth. In addition, NEDs have valuable resources that derive from their technical expertise and business experience (Kesner, 1988; Pettigrew & McNulty, 1999).

Despite these advantages of having more NEDs on the board, prior studies documented mixed results from analyses of the relationship between the proportion of NEDs and firm performance. In the UK, Dahya and McConnell (2003) revealed that outside directors have a positive impact on board decision-making. Furthermore, in Korea, Choi et al. (2007) found a positive effect on firm performance through having independent directors on the company board. A similar situation was found in Ghana where Abor and Adjasi (2007) revealed that the presence of outside independent directors on boards enhanced corporate competitiveness and provided new strategic outlooks for the firms.

In contrast, Hermalin and Weisbach (2002) summarised the evidence to conclude that a higher proportion of NEDs is not associated with superior firm performance among US firms. Zong-Jun and Xiao-Lan (2006) revealed that a larger proportion of NEDs is negatively associated with the probability of distress among firms in China. Likewise, Abdullah (2006b) concluded from research into financially distressed and non-distressed companies listed on Bursa Malaysia that non-executive independent directors are not associated with a financially distressed

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<sup>5</sup> The proportion of executive directors in various countries are: two per cent in the UK and Austria, seven per cent in Switzerland, five per cent in Sweden (Heidrick & Struggles, 2007b), 25.6 per cent in Australia (Korn/Ferry International & Egan Associates, 2007).



status. Pettigrew and McNulty (1999) argued that the negative impact of NEDs on firm performance was because they are not able to ratify decisions made by powerful board members as they lack company information.

Conger and Lawler (2009) supposed that the NEDs typically meet six to ten times a year, which is just enough to perform their essential functions. Siladi (2006) also argued that they are only involved in the company business 'part-time'. Being part-time employees, Conger and Lawler (2009), and Nadler (2006) concluded that it is difficult for them to develop much more than a rudimentary understanding of the working of their companies. With these limitations, they are heavily dependent on the goodwill of the management, especially the CEO, to obtain relevant and timely information about the company (Levrau & Van den Berghe, 2007b). In association with this, Carter and Lorsch (2004) argued that as an understanding of company business is critical to the effectiveness of board decision-making, the lack of this knowledge is particularly worrying. Markarian and Parbonetti (2007) added that the lack of information on the part of the independent directors would possibly impede good decision-making processes. Based on these arguments, this study concludes that having more non-executive directors does not mean they enhance board effectiveness if they are unable to contribute to the board.

**Dual roles.** Duality of roles refers to a situation where a firm's CEO also serves as chairman of the board of directors (Abdullah, 2004). There are two competing views found in the literature about the advantages and disadvantages of CEO duality. One school of thought believes that the board is more effective by having a separation between the roles of chairman and CEO. In relation to this, Fama and Jensen (1983) and Finkelstein and Mooney (2003) contend that separation of roles has enabled boards to perform their oversight functions effectively because such boards are considered to be independent. Furthermore, Schmid and Zimmermann (2005) asserted that an independent chair might have important contacts with banks and the government, which can provide valuable networking for the company. However, Finkelstein and D'Aveni (1994) felt that CEO duality is expected to establish strong and unambiguous leadership because the chairman

and CEO are both possibly playing the same roles. Carver and Oliver (2002) added that the duality role can reduce baggage and communication layers. Hence, some scholars assert that duality of roles leads to a reduction in costs for the firm, particularly the cost of transferring critical information between the CEO and the chairman (Dahya & Travlos, 2000). These could be some reasons why the dual role of chairman and CEO has become quite common in US firms. Indeed, it has been reported that approximately 80 per cent of major corporations in the US have such a dual role (Coombes & Wong, 2004). The reverse is true in the UK, where independent directors make up a high percentage of the boards of directors for most of its major corporations (Heidrick & Struggles, 2007a).

Due to the disagreement about duality of roles, empirical studies in various countries have failed to conclude which leadership structure is better than the other. Some studies provide evidence of a positive relationship between duality of roles and firm performance. For instance, Joshua (2007) found significant and positive associations between capital structure and CEO duality among Ghanaian firms. In addition, in Malaysia, a higher percentage of CEO duality has been found to enable one person to make fast and timely decisions (Haron, Ibrahim & Muhamad, 2008). Likewise, Tin Yan and Shu Kam (2008) found that the duality role is more effective because one individual can exercise full control over the firm and the person can provide a centralised focus to achieve organisational goals. Meanwhile, in the US, Harjoto and Jo (2008) found a positive relationship between CEO duality and firm values and performance.

In contrast, in Australia Sharma (2004) revealed that when the chairman of the board is also the CEO, the board's monitoring role is weakened and the likelihood of fraud increases. In addition, Rahman and Haniffa (2005) and Abdullah (2004) did not find any relationship between CEO duality and the performance of Malaysian firms. Likewise, Schmid and Zimmermann (2005), from their study of 152 Swiss firms, revealed no evidence of a systematic and significant difference in firm value between firms that combined the role or those with a separate chairman and CEO. Furthermore, in Egypt, Elsayed (2007) found that CEO duality had no impact on corporate performance. Therefore, overall, this review

finds that the impact of dual roles on board and firm performance is different from one country to another. Both types of leadership structure are associated with similar effects on the firms.

### ***Board process***

The need to study board process is important because boards are beginning to pay more attention to how they actually work (Leblanc, 2003) and to correct the attitudes and behaviour of directors (Berghe & Levrau, 2004). Following these arguments, some studies (e.g. Leblanc, 2003; Berghe & Levrau, 2004; Roberts et al., 2005) concluded that actual board performance depends on the membership of the boards rather than on the structure or the composition of the board, which, hitherto, were emphasised in most discussions concerning board effectiveness. In addition, to enhance the accountability of the board, Roberts et al. (2005) and Adams, Hermalin and Weisbach (2009) asserted that boards of directors' studies need to open the 'black box' of actual board behaviours. These arguments imply that the area of board dynamics is becoming a more important determinant of board effectiveness. The following sections review three components of board dynamics (including board behaviours, human capital and board culture) that were found to be important components of board effectiveness.

***Board behaviours.*** Drawing from these arguments, various studies highlighted the importance of studying board behaviours. For example, based on a theoretical study, Forbes and Milliken (1999) concluded that the effectiveness of a board depends on the socio-psychological processes related to group participation and interaction. They defined two criteria that determined the effectiveness of the board: board task performance and board cohesiveness. Board task performance refers to a board's ability to perform its role effectively, especially during major strategic events of the firm, while board cohesiveness refers to the degree to which board members get on with each other and are motivated to stay on the board (Forbes & Milliken, 1999). This attraction also promotes trust in each director's judgements and expertise, while high levels of cohesiveness can lead to

a focus on interpersonal exchanges rather than organisational issues and the dysfunctional outcome of a lack of critical enquiry (Forbes & Milliken, 1999).

***Human capital.*** While many scholars acknowledged that human capital is an essential resource for a company (Glaeser et al., 2002; Paldam, 2000), it is difficult to define precisely. Sveiby (1997) defined human capital as the capacity to act in a wide variety of situations to create tangible and intangible assets, which comprise a major part of directors' 'tacit' or 'soft' knowledge. Meanwhile, Becker (1993) asserted that human capital is an individual's set of knowledge and skills, which develops typically through investment in education, training and various experiences. Likewise, Baron and Armstrong (2007) see human capital as the knowledge, skills, abilities and capacity possessed by people in organisations. Based on the above review, human capital in the context of this thesis can be defined as the individual knowledge, skills and expertise needed to perform the job of a director effectively.

The importance of directors' human capital in fulfilling their governing function has been noted and this topic has received great attention in corporate governance literature (Nicholson & Kiel, 2004; Baron & Armstrong, 2007). This is reinforced in the work of Hillman and Dalziel (2003) who introduced a concept called 'board capital'. They explained that board capital consists of both human capital (experience, expertise and reputation) and relational capital (networking), and argued that greater levels of board capital not only enable boards to secure more valuable resources, but also to be more effective in monitoring company performance. Further, Nicholson and Kiel (2004) proposed human capital theoretically as knowledge, skills and abilities possessed by directors that include; functional, industry, board-specific and organisation-specific knowledge, skills and abilities. They argued that boards can be more effective in carrying out their roles when individual directors apply their knowledge, skills and abilities. This can be explained because human capital deems directors to be more critical in analysing the different viewpoints of other directors (Stewart, 1997), and in engaging in strategic processes (Zahra & Pearce, 1989; Offstein & Gnyawali, 2006). The greater the human-capital intensity of the board members, the greater

percentage of high value added by the board to the success of company strategy (Stewart, 1997). Research also supports the fact that boards high in human capital are more inclined to provide the necessary advice and counsel (Westphal, 1999), as well as improve organisational legitimacy and reputation, and firm performance (Brown, 2007).

**Board culture.** Many researchers have asserted that culture is a major source of efficiency in organisations and improves corporate performance (e.g. Kotter & Heskett, 1992; Nadler, 2006; Levrau & Van den Berghe, 2007b; Hirota, Kubo & Miyajima, 2008). Corporate culture, which is also called organisational culture, can be defined as a set of values, beliefs and norms of behaviours shared by the firm's members that influence their preferences and behaviours (Kotter & Heskett, 1992). O'Reilly (1989) found that even ordinary people could create successfully competitive companies if the organisation has clear values, puts culture first and has consistent people-centred practices to express the values that are maintained by senior management. Further, Nadler (2006) classified five core values of effective board culture to comprise:

- i. independence and integrity – where the board resists pressure to act as a rubber stamp and conform to group thinking, demands complete and credible material, and looks beyond management for information sources;
- ii. openness – where the board shares opinions, takes part in animated discussions, and encourages debate;
- iii. accountability – this involves shared leadership and responsibility: where all directors have an equal responsibility to shareholders;
- iv. action orientation – focus on priorities; and
- v. mutual trust and respect – respect for expertise and diverse opinions.

Nadler (2006) then went on to argue that culture can have a goal-setting effect when it specifies the goals of the firm and helps employees make daily decisions. Meanwhile, in a boardroom context, Nicholson and Kiel (2004) divided cultural capital into two components: (1) board administrative processes including formal and informal board procedures; and (2) values that individual directors bring to the board including their work ethic and personal motivation. They argued that a

balance in the different elements of board cultural capital can lead to a series of board behaviours and organisational performance, board effectiveness and director effectiveness.

Due to the importance of culture, a number of studies have reported that culture influences firm performance in various forms. From a theoretical analysis, Forbes and Milliken (1999) concluded that a good corporate culture is essential in building a cohesive board. Furthermore, Finkelstein and Mooney (2003) discovered that some cultural components, such as conflict avoidance, teamwork, strategic involvement and comprehensiveness, are crucial in determining effective boards. Other studies have found that good culture can enhance the communication flow and systems of control (Ginevicius & Vaitkunaite, 2006), as well as cultivate the respect and high trust among board members (Barton & Wong, 2006). In addition, based on a qualitative study of 147 directors of Belgian listed companies, Levrau and Van den Berghe (2007b) revealed five components of the culture of effective boards, as follows:

- i. active involvement (board members' involvement including their initiative to learn and contribute to the board);
- ii. openness (an open culture that provides the possibility or ability for board members to express an opinion; and transparency);
- iii. criticism (a critical attitude/behaviour of board members);
- iv. common values or goals (board members have a common denominator);  
and
- v. atmosphere climate (other unwritten rules or standards such as humour, a positive and constructive mindset, professionalism and passion for excellence).

In spite of the increasing attention paid to corporate culture, Hirota et al. (2008) argued that because culture has tacit, ambiguous and unobservable aspects, which are difficult to measure, very few quantitative studies have been conducted to establish their importance. They then took up this challenge by examining the importance of culture using a quantitative approach. Based on their study of Japanese firms, they discovered that corporate culture and the strength of that

culture influences corporate policies affecting employment, board and financial structure. Although their study provided an alternative approach to measuring corporate culture, the project relied on firms' mission statements to ascertain levels of culture, which may not reflect the true culture of the firms. Hence, the limitation of their study was that it only reported what was written in the statements and, thus, was not sufficient to show a positive impact of corporate culture on firm performance.

Although board dynamics has become a popular issue in assessing board effectiveness, very few studies have actually observed boards in action or analysed how a board works. Daily et al. (2003), in their review of decades of research in corporate governance, highlight that this problem is due to difficulties in acquiring access to the boards of directors due to potential legal exposure.

Fortunately, a number of scholars have at least to some extent, assessed board effectiveness via qualitative research (Pettigrew, 1992; Pettigrew & McNulty, 1999; Leblanc, 2003; Roberts et al., 2005). Pettigrew (1992) was the first with a study of boards' composition to board processes. Based on structured interviews, he reported that large inferences had been made from input variables such as board composition to output variables such as board performance, with no direct evidence of the processes and mechanisms that presumably link the inputs to the outputs. Moreover, in the UK Pettigrew and McNulty (1999) conducted in-depth interviews with 20 board members and discovered that the effectiveness of boards of directors very much relies on the attitudes and behaviour of board members.

Using a different qualitative research approach Leblanc (2003) explored the idea that board effectiveness can be examined through observational techniques. He, for example, observed 21 boards' committee meetings in Canada. Based on his observations, he suggested that the real value of such access is that it opens up a rich data set on board effectiveness. He discovered three characteristics of effective directors: (i) they acted and voted independently; (ii) they possessed individual competencies that complemented and matched the strategic environment of the company; and (iii) they possessed four behaviour types – they

were change agents, consensus builders, counsellors, and challengers or conductors. On a different track Roberts et al. (2005), based their study on 40 in-depth interviews with company directors, they assessed board effectiveness through an examination of the work and relationships of non-executive directors. It was concluded that actual board effectiveness depends on the behavioural dynamics of the board rather than on the structure or the composition of the board (emphasised in most discussions of board effectiveness).

Based on the above review, it can be concluded that the focus of a board effectiveness study should not be entirely based on financial indicators, since other factors could also influence the dynamics of the board including the attitudes and behaviour of directors, and the culture of the board. More importantly, the current reality of corporate governance research should reflect how well a board performs on substantive business issues, not just based on the matter of board structure and processes. Indeed, more qualitative studies should be carried out to develop a model or theory of dynamic boards.

### ***Board roles***

Some scholars have reviewed board effectiveness in terms of the roles of boards of directors (e.g. Conger & Lawler, 2001; Walt & Ingley, 2001; Epstein & Roy, 2004). For example, Conger and Lawler (2001) proposed that effective boards have three dimensions: an ability to scan the environment for opportunities and threats; an ability to provide constructive feedback and guidance to the CEO; and an ability to extend their networks of contracts and provide external sources of knowledge to enhance firm performance. Similarly, Epstein and Roy (2004) explained that effective boards must achieve three core objectives, which are to:

- i. provide superior strategic guidance to ensure the company's growth and prosperity;
- ii. be accountable to all company stakeholders including shareholders, employees, customers, suppliers, regulators and the community; and
- iii. ensure that a highly qualified executive team is managing the company.



To perform their roles effectively, Carter and Lorsch (2004) maintained that boards of directors should consider three factors:

- i. board structure – its size, leadership and the committees it requires to accomplish its role;
- ii. board composition – the mix of experience, skills and other attributes of its members; and
- iii. board processes – how it gathers information, builds knowledge and makes decisions.

They also argued that because the impact of these factors vary from one board to another, research on boards of directors has not yet resulted in convergence concerning specific roles of the boards. Furthermore, they are not defined as an integrated set of activities. In agreement, Huse (2007) recently classified the roles of boards of directors into six categories (e.g. behavioural control, output control, strategic control, advice and counsel, networking and lobbying, and strategic participation). However, the broader literature on boards generally discusses three roles: i.e. control, service and strategic roles.

**Control role.** The control role is one of the fundamental responsibilities of boards of directors. Regarding the control role, boards of directors have a legal duty to oversee companies' operations and monitor top management and protect shareholder's interests (Young et al., 2000; Bainbridge, 2002; Kemp, 2006). The dominant theory underlying the control role is agency theory, which initially became the prevailing school of thought in finance and economic research. This theory was concerned with resolving the agency problem that may arise when the interests of management differ from the interests of shareholders (Berle & Means, 1932; Jensen & Meckling, 1976; Fama & Jensen, 1983). Jensen and Meckling (1976) stated that this problem is one of agency costs, in which the pursuit of self-interest increases costs to firms including the cost of structuring contracts and the cost of monitoring and controlling the behaviour of agents.

From an academic perspective, control roles can be seen as wide-ranging and include the control of proxy mechanisms for the alignment of the management's

and shareholders' interests (Zahra & Pearce, 1989; Dallas, 2001; David, 2006), removing managers who misused firm assets (Bozec, 2005), and monitoring the formation and implementation of strategic decisions (Johnson, et al., 1996; Belden, Fister & Knapp, 2005; Summanen & Lazareva, 2008). To ensure that the board can perform the above roles, literature has focused on issues such as board size, internal versus external directors, and the separation of CEO and chairman positions (Dalton et al., 1998; Daily et al., 2003). For example, Brown and Caylor (2004), and Clarke (2006) suggested that to ensure that the board oversees the management effectively, the board must be independent from the management.

***Service role.*** The service role of boards of directors primarily stems from the resource dependency theory and stewardship theory, and entails providing advice and counsel to the CEO and top management (Yangmin & Cannella, 2008). From the resource dependency theory perspective, boards of directors are seen as valuable resources that a firm needs to enhance its performance (Pfeffer & Salancik, 1978; Johnson et al., 1996; Hillman et al., 2000; Brown, 2007). This theory postulates organisations as being dependent on their external environment and suggests that organisational effectiveness results not only from the firm's ability to manage resources but also more importantly from its capacity to secure crucial resources from the environment (Pfeffer & Salancik, 1978). Hence, the key to organisational survival is the ability to acquire and maintain resources. In this process, the corporate board and its individual members are regarded as boundary spanners securing important resources (in terms of knowledge, networks, contacts etc.) in order to ensure firm survival (Pfeffer & Salancik, 1978; Hillman et al., 2000; Hillman & Dalziel, 2003).

Stewardship theory sees the boards of directors as an important strategic device, which suggests that the boards can serve the CEO and management with their expertise through their active involvement in strategic decision-making processes (Carpenter & Westphal, 2001). Therefore, this theory (as opposed to agency theory) holds that there is no conflict of interest between managers and owners of any firm (Donaldson, 1990; Levrau & Van den Berghe, 2007a). In contrast, in stewardship theory, it is believed that by managers working towards the firm's

goals, their personal needs were also covered, and thus, their interests were aligned with the owner of the firm (Donaldson & Davis, 1991).

***Strategic role.*** Many scholars have argued that strategic decisions are the most important in terms of actions taken by the top management of the firm, and have a direct bearing on a firm's survival (Mintzberg, Raisanghani & Theoret, 1976; Eisenhardt & Zbaracki, 1992; Langton & Robbins, 2007). Hence, Ruigrok, Peck and Keller (2006) suggest that the strategic role of boards of directors is important because it can shape the future of a firm. Early researchers argued that the board made little contribution to strategic roles because this role was performed by the CEO (Mace, 1971; Vance, 1983; Monks & Minow, 1991). The boards were called 'creatures of the CEO' (Mace, 1971) that are available for rubber-stamping functions. However, some scholars (e.g. Andrews, 1981; Tricker, 1984; Rosenstein, 1987; Rindova, 1999) recognised that boards of directors play active roles in a firms' strategies. Andrew (1981) and Rindova (1999) went further and recommended that boards of directors should work with management in devising strategic plans based on their experience. Tricker (1984) claimed that boards should establish a firm's strategic directions, oversee a firm's strategies, assess and monitor performance, as well as be involved in the implementation of any strategies. To take active participation in strategic roles, Coulson-Thomas (1993) suggested that boards should play active roles in looking for business opportunities for a firm. Moreover, according to Goodstein et al. (1994), the strategic role is of particular importance in critical cases such as periods of environmental turbulence or declines in company performance, because such events provide the opportunity to initiate strategic change. In addition, support for active roles in strategy come from various principles of corporate governance (e.g., ASX, 2003; MCCG, 2000; OECD, 2004). A general suggestion in these codes has been that the board should ensure strategic guidance to the company. Based on the above reviews, the strategic roles of boards of directors are receiving growing attention in corporate governance research.

Although the literature acknowledged the importance of roles of boards of directors, the roles of the board are often not well-defined and differ from one company to another (Pearce & Zahra, 1991). Ideally, the most effective board is able to fulfil most of its roles effectively (Leblanc, 2003). However, in reality many boards do not succeed in doing so for various reasons. Leblanc and Gillies (2005) argued that boards of directors often possess limited power to control company management teams on behalf of shareholders. Moreover, the roles of individual board members cannot be clearly separated because all of them have equal responsibility to the board (Kakabadse & Kakabadse, 2008). As there is a lack of agreement concerning the roles of boards of directors, as well as the limited ability of boards to monitor their firms, there is always a gap between what is expected of boards and what boards can be expected to accomplish (Brennan, 2006).

To overcome this problem, Cascio (2004) asserted that a company should define the roles of its boards of directors. To do so, Carver and Oliver (2002) suggested that each company should develop a written policy of board roles, which can serve as tools for the boards to convey their roles in a consistent and enduring manner, as well as assist in avoiding disputes between the board and the management. The policy should also be flexible to respond quickly to the needs of the board, particularly when change has occurred in the market or business needs (Moodie, 2001). One example is an outline for the chairman and CEOs' roles developed by Khazanah Nasional Berhad (2006) for Malaysian GLCs (see Table 2.1).

**Table 2.1: An example of chairman's and CEO's roles**

<p><b><u>Chairman's roles</u></b></p> <ul style="list-style-type: none"> <li>• provide leadership to the board</li> <li>• chair shareholders' meetings</li> <li>• Act as company's ambassador, both within domestic market and internationally</li> </ul>	<p><b><u>Potentially shared roles</u></b></p> <ul style="list-style-type: none"> <li>• external relations, including relationships with shareholders</li> <li>• senior leadership development</li> </ul>	<p><b><u>CEO's roles</u></b></p> <ul style="list-style-type: none"> <li>• develop and implement strategy reflecting long-term objectives and priorities established by board</li> <li>• assume full accountability to board for all aspects of company operation</li> <li>• closely monitor operating financial results in accordance with plans</li> </ul>
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Source: Khazanah Nasional (2006, p. 22)

Based on the above reviews, this thesis argues that effective boards are composed of the 'right' people, structure, processes and roles, which enable a board to perform its roles effectively for the achievement of the company's objectives. However, because the impacts of boards' characteristics on firm performance (e.g. strategic, management, financial and environment) are complex and interrelated, Bird, Buchanan, and Rogers (2004) argued that board effectiveness remains an elusive concept, as there is much more to be known about the tasks and roles that boards should play.

### ***Board membership***

The issue of who is represented on the board of directors and how they are selected has been central to many research agendas. Conventional wisdom suggests that effective boards require individual directors with strong capabilities (Forbes & Milliken, 1999; Gabrielsson & Winlund, 2000; Huse, 2005, 2007). The board's collective experience, skills and insight, when properly engaged, have been believed to produce better decisions and allow a company to be run more effectively (Nadler et al., 2006). Therefore, high performance boards need to be represented by the right mix of talent of individual directors (Conger & Lawler, 2001).

Boards of directors are commonly composed of a preponderance of leaders (Nadler, 2004) who come from diverse backgrounds, including former CEOs or company presidents. Leblanc and Gillies (2005) determined that they are the most crucial predictors of board process and performance. However, Cascio (2004) argued that this situation has often led to another problem, especially when everyone is trying to control the board. For example, in an earlier study, Pearce and Zahra (1991) found that organisations with powerful boards, especially powerful CEOs, performed less well. To overcome this problem, Cascio (2004) suggested that a company should have a clear role for the board. Despite this finding, many studies have revealed that competent leadership of the chairman, CEO and independent directors leads to high standards of company governance (e.g. Papadakis & Barwise, 2002; Kakabadse, Kakabadse & Barrat, 2006; Kakabadse & Kakabadse, 2007). Because of the important roles of board members in corporate governance, in the following sections three types of board members are examined – the chairman, CEO and independent directors.

***The chairman.*** The position of chairman is one of great power, influence and responsibility. Cadbury (1992) asserted that the chairman is responsible for leading the board and ensuring that it acts in the best interests of shareholders and the firm's future growth. Despite the important role of the chairman to the firm, the Australian Institute of Company Directors (ACID, 2006) argued that the chairman does not have any executive power to take independent decisions unless authorised by the board or by the company's constitution. Hence, the chairman is just an instrument to ensure the smooth functioning of the board (Bird et al. 2004). For example, the chairman was found to serve a number of roles, including being a symbol of both internal and external organisational constituencies (Pointer & Orloff, 2002); chairing board meetings; and overseeing the process of hiring, firing, evaluating and compensating CEOs and other top managers (Schmid & Zimmermann, 2005). In addition, Brown and Caylor (2004) identified unique roles of the chairman such as being an achiever of diversity, a consensus builder and solidarity promoter. Due to such important roles of the chairman, Carver and Oliver (2002) believed that the effectiveness of the board is largely dependent on the efficacy of the chairman.

To enable the chairman to perform the above roles effectively, Coombes and Wong (2004) thought that the chairman should be someone who has particular characteristics including experience in industry, an independent mind, a commitment to his or her job and the respect of other directors and management. In addition, Bird et al. (2004) believed that the chairman should possess the appropriate skills and values that can unite directors into an effective group. In accordance with these arguments, prior studies discovered that a successful chairman possesses particular personal qualities. For example, a PricewaterhouseCoopers and KLSE (2002) survey discovered four essential characteristics of Malaysian company chairman, including having industrial knowledge and experience, a strong reputation, good business contacts and management experience. Meanwhile, in the UK, based on interviews with 215 directors, the Whitehead Mann Partnership (2005a) revealed ten characteristics of an effective chairman including that the person should:

- i. have a good relationship with the CEO
- ii. achieve openness and transparency at the board
- iii. work continuously to improve board performance
- iv. be a flexible person
- v. possess an open leadership style
- vi. not be the previous CEO
- vii. have broad experience
- viii. prepare for the role
- ix. be personally accountable for board performance
- x. be able to balance regulation and strategy

Similarly, seven personality characteristics of a successful chairman revealed by Kakabadse and Kakabadse (2007) include:

- i. the capacity to work through board tensions
- ii. striving continually towards gaining a shared perspective
- iii. the capacity for independence to engage in and resolve disputes and minimise dysfunctional interactions
- iv. a sense of presence

- v. masterful maturity
- vi. being able to see a meeting ahead
- vii. good intra and interpersonal skills

Although these studies discovered some effective characteristics of the chairman, the majority of the characteristics revealed are related to personality characteristics, attitudes and values. This implies that having particular personality characteristics is the most important aspect of an effective chairman.

**Chief Executive Officer (CEO).** The CEO is a full-time staff member of a company who is responsible for the day-to-day running of the company (Sibin, Levitas & Priem, 2005), and setting and implementing the company corporate strategy. Many scholars have considered that CEOs' roles are crucial in corporate activities including making corporate strategic decisions (Michel & Hambrick, 1992; Brouthers, Brouthers & Werner, 2000; Papadakis, 2002); corporate innovation (Bantel & Jackson, 1989); corporate performance (Zajac, 1990; Dow & Raposo, 2005; Johnston, 2005; Jie, 2008); and corporate structure (Miller & Droge, 1986). As these studies have shown that CEO characteristics influence various aspects of a firm, Halikias and Panayotopoulou (2003) suggested that it might be useful to examine further the influence of CEO personality variables on overall aspects of firm performance including the degree of innovation, organisational and economic performance.

As CEOs are widely honoured or condemned for all that happens or does not happen in their organisations, Conger and Ready (2004) considered that CEOs have to be more critical, proactive and need to possess hands-on leadership of the company. In this regard, various studies have been undertaken to examine CEOs' personal characteristics and their effects on organisations. For example, using data obtained from 79 technology firms in the US and Ireland, Flood et al. (2000) found that CEO leadership style (and in particular the transformational leadership) had a substantial influence on both consensus decision-making processes and team effectiveness. However, in their study of 128 CEOs of major corporations in the US, Agle et al. (2006) discovered that CEOs' charismatic



leadership was not associated with company performance. They argued that a charismatic CEO does not necessarily benefit future financial performance. Thus, these studies show that the transformational leadership style of the CEOs is more important than charismatic styles.

In addition, Conger and Ready (2004) revealed that a CEO who has a reasonable understanding of company financial statements is able to monitor company internal control systems effectively, while Mitchell (2004) discovered that a CEO who has industry experience provides more valuable ideas to solve company problems. In addition to stronger skills and qualifications, the CEO was also found to need other qualities such as creativity, team driving ability, leadership, team work and strong outside contacts (Korn/Ferry International, 2003). However, Kaplan, Klebanov and Sorensen (2007) argued that CEOs usually need one or two years to acquire knowledge about the organisation before they can take major action to reshape their organisation. Wei (2005) added that more time is needed to enable the CEOs to show their contributions to substantial impacts on their firms' competitive positions in the market and financial returns. Hence, they need some backup from their boards and management to demonstrate their leadership potential.

In his study of excellent performances of CEOs in the US, Collins (2001) discovered common traits of the CEOs he referred to as 'Level 5' leaders: compelling modesty, giving credit to others, showing unwavering resolve, competent diligence, being fanatically driven and building strong teams. Despite the work of Collins, in a well-known leadership study Kaplan et al. (2007) claimed that Collins' research had the potential for ex-post sample bias because he used a sample where the selection was based on superior past performance. They extended his work by identifying and analysing larger samples of CEO candidates in the US. Based on structured interviews with 313 CEO candidates, they discovered seven characteristics of an effective CEO. These were:

- i. leadership (develop people, remove underperformers, and treat people with respect, efficiency, networking, flexibility and adaptability);

- ii. personal (integrity, organisational planning, calm under pressure, aggressive);
- iii. intellectual (brainpower, analytical skills, strategic thinking, vision, creativity and attention to detail);
- iv. interpersonal (listening skills, open to criticism, written communication, oral communication and teamwork);
- v. technical (sales, marketing, manufacturing, finance, human resource, knowledge of industry); and
- vi. specific functional areas (achieve revenue targets, top-grade management team, work with other executives, manage growth and set strategy).

In a recent study of a sample of 242 new CEO appointments in the US, Jie (2008) discovered that CEOs' work experience in industry had a positive impact on firms' stock market values. Despite extensive studies of CEOs' characteristics, none of the above-mentioned studies suggested the most important characteristics of the CEO. Nevertheless, it was argued that the CEO's characteristics need to be matched with the company's strategy, so that the company can use his or her expertise (Korn/Ferry International, 2003).

***Independent directors (ID).*** Most corporate governance codes or guidelines have spelled out independence as complying with three conditions: (1) have no relationships with company management, suppliers or major shareholders;<sup>6</sup> (2) have never been employed in an executive position of the company; and (3) are not an adviser of the company (e.g. ASX, 2003; MCCG, 2000; OECD, 2004). Likewise, Bosch (1993) described the requirements for independence as not being a substantial shareholder, and not being employed in any executive capacity by the company within the last three years. However, in an earlier study in Australia, Clifford and Evans (1997) found that 35 per cent of the ID in public-listed companies were former employees, major shareholders or directors holding some other form of contractual relationship with the organisation such as providing goods or services. In another study, Hooghiemstra and Van Manen (2004)

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<sup>6</sup> In Malaysia the aggregate shareholding, directly or indirectly, is not more than 15% of the shares issued by the corporation (Practice Note. No. 6 (KLSE Listing Requirement, 2001))

conducted telephone interviews and mail questionnaires to survey the opinions of Dutch ID regarding their roles and limitations. They found that although ID are expected to operate independently from management, in practice, they are unable to do so because they rely on the management to provide them with the information necessary for decision-making, thus, leading to an independence paradox (Hooghiemstra & Van Manen, 2004). Thus, whether or not a director is truly independent is subjective, and it may be difficult to determine the level of independence of particular directors. This was argued earlier by Baysinger and Butler (1985) who referred to ID as a 'grey area'.

In accordance with the above argument, a number of researchers have argued that being independent is difficult to define in a precise language (Seong, 2003; Cortese & Bowrey, 2008). Robert et al. (2005) believed that independence means an independence of mind. From her qualitative study in Australia, McCabe (2008) revealed that independence is not just independence of mind. She discovered being independent also includes independence of knowledge sources; and independence of income.

As independent directors are perceived to be independent, some studies confirmed that they were able to enhance firm performance. In Australia, Sharma (2004) found that a high percentage of independent directors on the board had reduced corporate fraud because the independent directors were able to monitor and control such fraud. Robert et al. (2005), in their articles on creating accountability in the boardroom, provided critical analysis on how the behavioural dynamics of the board are an important determinant of board effectiveness. They argued that the attitudes and conduct of ID should contribute to (such) positive and negative board dynamics. For example, if the ID understands the business and asks brave questions, as opposed to just asking the obligatory questions, the respect for that position increases (Robert et al., 2005). Indeed, Prasanna (2006) suggested that independent directors can bring credibility and better governance and contribute to board effectiveness overall.

Although independent directors have been a major concern in corporate governance research, a vast majority of the studies that look at independent directors' characteristics were found to be based on boards in the UK. For example, based on their quantitative survey, Dulewicz and Gay (1997) presented five essential characteristics of competent ID including integrity, critical faculty, perspective/helicopter ability, change orientation, listening and judgement.

Higgs (2003) discovered similar characteristics for independent ID in the UK, including integrity and high ethical standards, ability and willingness to challenge and probe, sensitive listening, sound judgement, and strong interpersonal skills. A year later, Pass (2004) conducted an empirical study of 50 listed companies in the UK that analysed ID characteristics (age, gender, length of service, remuneration and other directorships). He presented a comprehensive profile of non-executive directors within large UK companies and considered the consistency of this profile with the requirements and recommendations contained in legislative reforms.

Considering individual characteristics are dynamic, the Whitehead Mann Partnership (2005b) conducted qualitative interviews to examine what makes an exceptional ID. Based on 124 interviews with UK directors, the study concluded that exceptional ID were individuals who: possess breadth of experience; are team players; are independent advisors; are committed and prepared; are articulate communicators and are good listeners; have sharp minds and good judgement; are visionary; creative and passionate about business; build strong relationships and act as ambassadors; are self-confident without being dogmatic; and enhance their contribution through feedback. Although these studies were based on UK boards, the characteristics of the ID revealed were generally applicable to ID for the entire world.

### **2.3.3 Determinants of board effectiveness – from external perspectives of boards of directors**

Apart from internal aspects, elements, which include regulations, stakeholders, business environments and government policies, have also influenced the effectiveness of boards of directors (Pye & Pettigrew, 2005). For example, the meltdown of large corporations in various countries have led to the development of corporate governance codes and guidelines. Therefore, the existing codes of corporate governance (e.g. Combined Code 2003 in the UK, ASX 2003 in Australia, Malaysian Code on Corporate Governance, 2007) generally lay down guidelines for board effectiveness. In particular, they refer to board composition, ownership structure, and the number of executive and non-executive directors, board committees and board remuneration. By complying with these codes, boards of directors are expected to increase their effectiveness and legitimacy in the view of investors and capital suppliers (Schmidt & Brauer, 2006).

For example, following the development of the Cadbury Report in 1992, Dahya, McConnell and Travlos (2002) investigated the effect on board effectiveness of the UK Code of Best Practices and found that the percentage of NEDs in the UK had increased significantly. In the United State of America (USA), the Sarbanes-Oxley Act enacted in 2002 imposed new regulations that mandated a range of reforms in relation to US public companies. Following this, Alkhafaji (2007) found that new reporting requirements imposed by the Sarbanes-Oxley Act had encouraged boards of directors and managers of public firms in the US to become more careful in preparing and reporting financial information. In Malaysia, since the revamp of the Kuala Lumpur Stock Exchange (KLSE) Listing Requirements in 2002, all Malaysian PLCs have been required to appoint at least one financial expert on their boards.

A further influence is designed by international organisations, particularly the Organisation for Economic Co-operation and Development (OECD) to stimulate the international governance environment. The OECD first released the Principle of Corporate Governance in 1999, with a new version in 2004 that set out the

requirement for boards to have responsibility for providing support for their organisations through functions of stewardship and compliance, as well as monitoring and reviewing governance practices (OECD, 1999, 2004). One important feature of these codes has been the requirement of a board to be independent because when a board is truly independent from management it is able to act in the best interest of shareholders without the potential for conflict (Banks, 2004). Nevertheless, Arewa (2005) argued that these developments do not, and likely cannot, directly address many problems that arise from the business and corporate culture context. This is simply because each corporation has discernible culture styles and practices that form the foundation of a particular behaviour (Banks, 2004). As a result, different companies may respond differently to such developments.

Although boards of directors now face significant challenges in coping with the new codes of conduct, Hansel (2003a) believed that the development of new regulations has helped boards to perform their duties. However, some scholars (e.g. Lawler III et al., 2002; Finegold et al., 2007) concluded that as most elements of these reforms are intended to protect shareholders' interests, such reforms might be too narrow and disadvantage other important stakeholders in the business, including employees, customers and the wider community. Moreover, Bostrum (2003) argued that issues relating to best governance practices are not only compliant with legal requirements but, more importantly, with the ethical and cultural imperatives of a company. Therefore, the real action should be in the boardroom itself – how the directors interact and how they gain knowledge and reach suitable decisions are becoming increasingly important to the enhancement of high standards of corporate governance.

In addition, as discussed in Chapter 1, business globalisation has had an impact on the effectiveness of the board, especially on the roles of the board (Conger et al., 2001; Cadbury, 2002; Keil & Nicholson, 2003; Carter & Lorsch, 2004). Globalisation in business has led many firms today to operate in various countries (Conger et al., 2001). This has led to many boards facing enormous challenges in dealing with their global business because they operate in diverse governances

and cultural situations (Gevurtz, 2002). For example, as many firms are becoming larger, Boone et al. (2007) found that board size and the proportion of inside or outside directors also increased. Then, based on his study of 145 public US firms completing acquisitions, Paul (2008) documented that independent directors are more likely to be added if the firm faces financial constraints. In another study, Markarian and Parbonetti (2007) found that board roles changed as a firm became externally complex (increases in its business and geographic segments). Because of these challenges, Arewa (2005) advocated that this requires the continuing effort of boards of directors to become more understanding of new corporate governance events that focus on integrity, honesty and the importance of good business practices.

Based on the above reviews, the impact of external aspects of the board, particularly the development of codes of conduct and best practices, as well as the globalisation of economy have also influenced the effectiveness of boards.

#### **2.3.4 Summary of determinants of board effectiveness**

Each of the components reviewed give primacy to a particular view on the types of characteristics of an effective board. Table 2.2 shows that for the internal perspective, board effectiveness can be measured in terms of board composition, structure, roles, culture, and membership. At the same time boards can be called effective if the board is able to adapt to the changing external factors such as; laws, regulations, economics and code on corporate governance on the board. However, because the results of previous studies were inconsistent, it is difficult to determine which component is more important than the others. Thus, measurement of board effectiveness remains subjective until today. Table 2.2 presents a summary of the determinants of an effective board discussed above.

**Table 2.2: Summary of determinants of board effectiveness**

<b>Perspective</b>	<b>Variables</b>	<b>Scholars</b>	<b>Outcomes (in relation to board effectiveness)</b>
Internal perspective	Size (number of directors sit on the board)	Yermack (1996), Bhagat and Black (2000), Hossain et al. (2001), Kiel and Nicholson (2003), Andreas and Valledo (2005)	No consistent results. Board effectiveness is not determined by larger or smaller boards.
	NEDs (proposition of NEDs on the board)	Kiel and Nicholson (2003), Bozec (2005), Abdullah (2006b), Kaymack and Bektas (2008)	Also no conclusive results. The most important result is that being independent is the crucial characteristic of NEDs.
	Duality roles (CEO holding chairman position)	Finkelstein and Mooney (2003), Abdullah (2004), Schmid and Zimmermann (2005), Rahman and Haniffa (2005), Joshua (2007).	The impact of dual roles on board and firm performance is different from one country to another.
	Board culture	Kotter and Heskett (1992), Forbes and Milliken (1999), Nadler (2006), Levrau & Van den Berghe (2007b), Hirota, Kubo & Miyajima (2008).	Some components of culture that were found to be important for board effectiveness include; board cohesiveness, teamwork, respect and trust, openness, active involvement, conflict avoidance.



<b>Perspective</b>	<b>Variables</b>	<b>Scholars</b>	<b>Outcomes (in relations to board effectiveness)</b>
Internal perspective	Board roles	Zahra and Pearce (1989), Coulson-Thomas (1993), Dallas (2001), Conger and Lawler (2001), Epstein and Roy (2004), David (2006), Brown (2007)	Boards need to perform three types of roles (control, service and strategic). More importantly, the board roles need to be clearly defined from the CEO roles.
	Board membership (Characteristics of board members (chairman, CEO, NED and other directors)	Forbes and Milliken (199), Leblac (2003), Huse (2005, 2007), Nadler (2006), Levrau and Van den Berghe (2007a)	Board membership is more important than the structure and composition in determining an effective board.
External perspective	Code on corporate governance Law and regulation Economic and political	Dahya et al. (2002); Bostrum (2003), Pye and Pettigrew (2005), Arewa (2005), Alkhafaji (2007), Paul (2008)	Will influence the internal perspective of boards of directors, in particular the composition and structure of a board of directors of a particular country.

## **2.4 Characteristics of the Boards of directors Membership**

### **2.4.1 Introduction**

Some researchers have argued that personality characteristics of group members (including board members) are strong predictors of board effectiveness because individual board members bring their personality, moods and emotions to board interactions (Leblanc & Gillies, 2005; Murphy & McIntyre, 2007). Leblanc and Gillies (2005) put it succinctly:

A board cannot work, that is, reach a good decision, unless there are directors who, through credibility, leadership and interpersonal and communication skills, are occasionally able to persuade other directors and management of their points of view or of a particular course of action. At the same time, a board cannot work unless there are directors who can find common themes within dissenting views and bring about a consensus. (p.143)

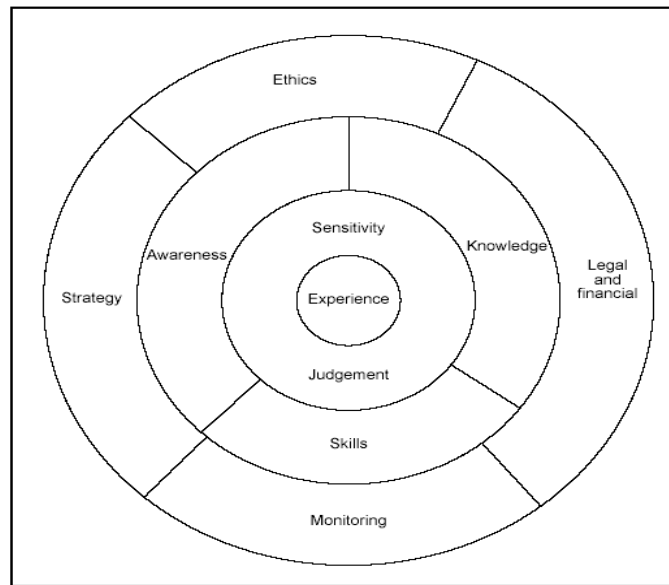
Due to the importance of the characteristics of boards of directors, in recent years institutional investors and stakeholders have pressured firms increasingly to appoint directors with diverse backgrounds in terms of their expertise and professionalism, to ensure that the board is protecting their interests. Hence, characteristics of members of boards of directors and their effectiveness have received major attention in corporate governance research (e.g. Westphal & Milton, 2000; Leblanc, 2003; Taschler, 2004; Huse, 2007; Levrau & Van den Berghe, 2007b).

In the board effectiveness context, Coulson-Thomas (1992) first highlighted the importance of having competent directors. Based on a survey in the UK, he revealed ten essential characteristics for a competent director. Such a person should possess:

- i. personal qualities such as integrity, independence, wisdom, authority, judgement, leadership, courage, a positive outlook, tact and diplomacy;
- ii. awareness of the business environment and of what constitutes value to customers;

- iii. a sense of accountability to stakeholders, and a willingness to put a responsibility to the company above self-interest;
- iv. a vision and a strategic perspective which should embrace the totality of the company's operation;
- v. business acumen and sound commercial judgement;
- vi. knowledge (particular and about relevant legal and financial issues and requirements);
- vii. understanding of the structure and operation of the board, effective boardroom practice and boardroom matters such as the succession, assessment and remuneration of directors;
- viii. skills in areas of decision-making and teamwork in a boardroom context such as: strategy determination, formulation, organising people, monitoring performance;
- ix. experience of relevance to the particular corporate context; and
- x. ethical awareness and sensitivity to the attitudes and values of others.

Based on his findings Coulson-Thomas developed a model of competent directors, which showed the importance of each characteristic of board members (Figure 2.1). He also concluded that some characteristics might appear sharper, and more relevant than others. He argued that experience, knowledge, skills and sensitivity may be important, but ethical awareness can save a company (Coulson-Thomas, 1992).



**Figure 2.1: The competent directors' model**

Source: Coulson-Thomas (1992, p.36)

Although Coulson-Thomas (1992) did not suggest which attributes should be the most important characteristics of boards of directors, he raised the notion that some characteristics are perhaps more important than the others. For example, his model shows that experience is a more important characteristic than the knowledge and skills of directors.

Research on characteristics of members of boards of directors continued after this work when the UK government commissioned a research project conducted by a team from Henley Management College under the direction of the Institute of Directors in the UK. Following on from this, a survey of 339 directors by Dulewicz and Gay (1997) led to the discovery of ten competencies that were rated relevant for board members including: integrity, listening skills, motivation of others, persuasiveness, motivation, resilience, decisiveness, determination, sensitivity and energy. However, their study showed that integrity was the most important characteristic of board members. In addition, Dulewicz and Higgs (2003) found that elements such as motivation, interpersonal sensitivity, intuitiveness and conscientiousness appear to be relevant for determining company mission visions and values.

In realising the importance of board members' characteristics to effective boards and firm performance, many studies suggested that the board should comprise a mixture of directors with different personalities, education, occupational and functional backgrounds (Forbes & Milliken, 1999; Westphal & Milton, 2000; Finkelstein & Mooney, 2003; Leblanc, 2003; Fairchild & Li, 2005; Levrau & Van den Berghe, 2007b). The following sections review characteristics of board members from both theoretical and empirical perspectives.

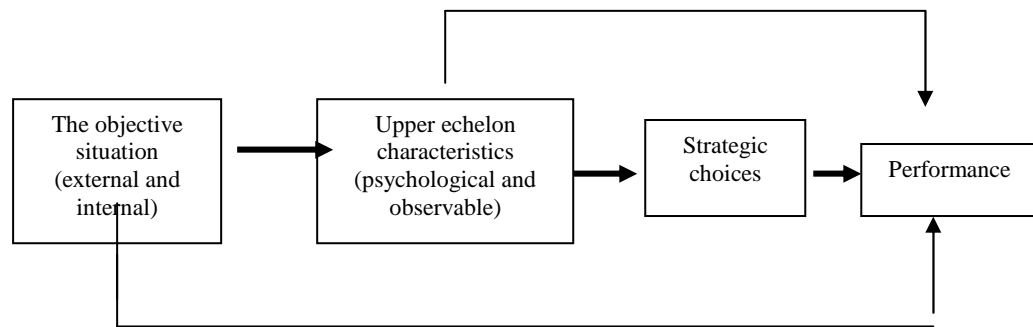
#### **2.4.2 Theories underlying the value of characteristics of members of boards of directors**

This section attempts to review the important characteristics of members of boards of directors revealed through six theories. The six theoretical perspectives are: upper echelon theory, trait and behavioural theory, resource dependency theory, agency theory, human capital theory and the social capital theory.

##### ***Upper echelon theory***

The upper echelon theory developed by Hambrick and Manson (1984) is firmly based on an assumption that the top management team (TMT) accounts for what happens to an organisation (Goll & Rasheed, 2005). Hambrick and Manson (1984) argued that if we want to explain why organisations do the things they do, or why they perform the way they do, we must study the TMT's characteristics. The theory had been used extensively in TMT research to investigate the relationship between TMT characteristics and various organisational outcomes including job satisfaction, employee commitment, job involvement and firm financial performance (e.g. Fiegner, Nielsen, & Sisson, 1996; Taschler, 2004; Theodossiou & White, 1998; Westphal & Milton, 2000; Williams, Fadil & Armstrong, 2005). As board members are also part of the TMT, this theory has been widely used in corporate governance research. Often research on these two core groups of leaders has proceeded in parallel (Hambrick & Manson, 1984).

Based on this theory (Figure 2.2), Hambrick and Manson (1984) suggested that upper echelon characteristics (including both psychological characteristics such as behaviours and values and observable characteristics including age, gender, educational level and number of directorships) influenced organisational strategic choices or performance (Figure 2.2). Likewise, Wiersema and Bantel (1992) and Schnake, Fredenberger and Williams (2005) suggested that TMT characteristics are related to corporate strategy preferences. Goll and Rasheed (2005) provided further evidence by suggesting that demographic characteristics of TMT influences organisational performance by affecting the decision process.



**Figure 2.2: Upper echelons model**

(Source: Hambrick & Manson, 1984, p. 198)

Drawing on Hambrick and Manson's model, research empirically tested the impact of characteristics of board members, most often measured in terms of demographic variables including tenure, years of experience and multiple directorships, and firm performance (e.g. Westphal & Fredrickson, 2001; Herrmann & Datta, 2002; Taschler, 2004; Williams et al., 2005). For example, Herrmann and Datta (2002) examined relationships between 126 CEOs' characteristics and choice of entry mode, and 271 foreign market entry events. Their results indicated that CEOs' positions, tenure, functional backgrounds and international experience were important to enable CEOs to oversee the companies effectively. In addition, utilising a sample of CEOs of 81 manufacturing firms in a small European country, Halikias and Panayotopoulou (2003) discovered that the personality traits of the decision maker were related to export involvement. They

found that the effect of CEOs' personality on export performance was much stronger in small enterprises than in larger ones. Other studies found that the longer tenure of board members led them to become less informed because they were reluctant to accept new things in order to maintain their status quo (Westphal & Fredrickson, 2001; Taschler, 2004; Daniel, Tanja & Utz, 2007). These reviews show that the upper echelon theory provides some basis for the importance of studying boards of director members' characteristics, because firm performance is a reflection of its top managers.

### ***Trait and behavioural theory***

Leadership style and behaviour, and their relevance to management development, have received considerable attention by many scholars (e.g. Bass, 1990; Bass & Avolio, 1994; Heracleous, 1999; Yulk, 2006). Leadership theory is also relevant for explaining the contribution of important characteristics of board members to the effectiveness of boards of directors.

Traits have traditionally referred to personality attributes (Zacarro, 2007). However, the literature often discusses both traits and skills interchangeably. Yulk (2006) defined traits as a variety of individual attributes including personality, temperament, need and motives, as well as skills, as abilities to do something in an effective manner. In recent times, qualities that differentiate leaders from non-leaders are far ranging and include not only personality attributes but also motives, values, cognitive abilities, social and problem-solving skills and expertise (Zaccaro, 2007). Hence, leader traits can be defined as relatively coherent and integrated patterns of personal characteristics, reflecting a range of individual differences. These can foster consistent leadership effectiveness across a variety of group and organisational situations (Zaccaro, 2007). This approach is similar to the one adopted by Yulk (2006), who defined traits in terms of leader effectiveness and included personality, motives, needs and values in his definition. Thus, hundreds of trait studies failed to find any common elements that could guarantee leadership success (Åsimanskien, 2004).

Some traits that are consistently identified in the literature as being associated with effective leaders include being intelligent, assertive, risk takers, confident, energetic, willing to take responsibility, willing to absorb stress and able to influence others (Bass, 1990). In addition, Kirkpatrick and Locke (1991) described how leaders should have the desire to lead, integrity and knowledge in business. Similarly, Wiersema & Bantel (1992) revealed that members of the TMT must be individuals who are receptive to change and willing to take risks, because they are involved in a dynamic business environment. In the same way, Bueno, Antolin and Tubbs (2004) maintained that globally literate leaders possess four characteristics including personal, social, business and cultural literacy. This review implies that there are many listings of leadership characteristics, containing similar characteristics from one to another. Furthermore, Jokinen (2005) argued that leadership characteristics are best described as continuums rather than dichotomies. Instead of specific characteristics, the focus should be on the extent of development of those characteristics (Jokinen, 2005). In this regard, emphasis should be shifted from trying to define a specific list of characteristics to defining and measuring their ideal levels in individual leaders.

Behavioural theory, unlike trait theory, focuses on leaders' behaviours. (See, for example, Ohio State University study and University of Michigan study). Ohio University's study was the most extensive study used to examine the behaviour of leaders. This study focused on the effects of leadership style and performance, and indicated the two major dimensions of leaders' behaviours to be 'consideration' and 'initiation structure'. This study suggested that to satisfy both individual needs and organisational goals, leaders need to have a balance of consideration and initiation structure (Bass, 1990).

A University of Michigan study also explored leaders' behaviours, but focused on the relationship between leaders' behaviours, group processes and group performance (Yulk, 2006). This study categorised three types of behaviour, which differentiated between effective and ineffective leaders, including task-oriented behaviour, relationship-oriented behaviour and participative leadership. This study's findings were similar to Ohio University's study, since task-oriented



behaviour aligns very closely with initiation structure and relationship-oriented behaviour.

Despite the interest in leadership studies, it has been argued that the trait and behavioural theories have not produced adequate leadership theory (Zaccaro, 2001, 2007). Zaccaro (2001) argued that effective leadership derives from an integrated set of cognitive abilities, social capabilities and dispositional tendencies, in which each set of traits have influenced one another. For example, although leaders may have the cognitive ability to derive complex mental representations of their operational environment, a low tolerance for ambiguity or low need for achievement may mitigate the leader's use of such abilities to solve organisational problems (Zaccaro, 2001). Likewise, high intelligence that can be useful in problem construction and solution generation will be useless for leader effectiveness if the leader does not have the social capacities to implement generated solutions (Zaccaro, 2007). Similarly, Kets-de-Vries and Florent-Treacy (2002) in their qualitative study discovered that effective board members required a combination of behaviours, cognitive and personality factors. While, Carmeli (2006) revealed that intellectual abilities and human resources skills are the important characteristics of board members. Based on these studies, it can be concluded that combinations of traits and attributes, integrated in conceptually meaningful ways, are more likely to predict desirable leadership characteristics.

### ***Resource dependency theory***

Resource dependency theory views firms as being dependent on their external environment and suggests that a firm's effectiveness results from their ability to manage resources as well as, more importantly, from their capacity to secure crucial resources from the environment (Pfeffer & Salancik, 1978; Johnson et al., 1996; Hillman et al., 2000; Brown, 2007). To do so, board members are regarded as 'boundary spanners' who secure important resources for firm survival (Pfeffer & Salancik, 1978; Hillman et al., 2000; Hillman & Dalziel, 2003). In this regard, resource dependency theory postulates that effective boards should be composed of members who possess functional or firm-specific knowledge and skills, to

maximise a board's collective performance (Milliken & Martin, 1996; Forbes & Milliken, 1999). Hence, various characteristics of board members (specifically their knowledge and experience in business) were found to be important for the effectiveness of the boards (Hansel, 2003b). For example, Huse (2007) asserts that board members contribute to effective governance primarily by using the information and expertise that they possess to enhance creativity and coherence in the decision-making process.

Scholars have also used resource dependency theory to explain the composition of boards of directors in terms of external representatives. For example, Pfeffer (1972) showed that the backgrounds of external directors were important to manage an organisation's need for capital and its regulatory environment. Carpenter and Westphal (2001), on the other hand, provided evidence that the social context of external directors from outside helped businesses by providing co-optative mechanisms that linked a firm with its external environment and protected the firm against environment uncertainty. Indeed, Hillman et al. (2000) stated that having more outside directors on the board could reduce the transactional costs associated with the firm's external linkage. Here, outside directors who had legal expertise become a firm's advisers on all matters related to legal issues. This reduced a firm's uncertainty regarding legal issues, as well as reducing transaction costs that the firm had to pay to the regulatory agency (Hillman et al., 2000). In addition, as the majority of external directors of large corporations were the top managers of other organisations, they had valuable information and expertise to contribute to strategic decision-making (Westphal & Stern, 2007). However, because the resources roles of a board often alter with changes in the business environment (Hillman et al. 2000), a firm needs to choose characteristics in board members that are relevant to their business (Conger & Lawler, 2001).

### ***Agency theory***

Agency theory has been popular in explaining the role of boards in mitigating agency problems that arise with absentee ownership (Berle & Means, 1932; Jensen & Meckling, 1976; Fama & Jensen, 1983). Murphy and McIntyre (2007) argued that the agency problem, in this context, is that the interests of management may differ from the interests of a company's shareholders. Furthermore, many authors suggested that boards of directors must assume an effective oversight function to control management behaviour and promote shareholders' interests using internal and external mechanisms (Fama & Jensen, 1983; Dalton et al., 2003; Mallin, 2005). For example, a board role is to be an effective gatekeeper to minimise malfeasance, self-dealing and other negative behaviours of management (Murphy & McIntyre, 2007).

To perform monitoring roles effectively, many researchers have argued that board members (particularly external directors) should possess particular backgrounds (with particularly experience, expertise, knowledge and skills) (Hillman & Dalziel, 2003; Murphy & McIntyre, 2007). In an earlier study, Mace (1972) found that boards of directors' experience can be applied to solve the specific management problems of a company. The coherence of agency theory, however, depends upon the existence of mechanisms by which the boards are able to use their competence and the firm's resources to achieve the best returns for the owners (Fama & Jensen, 1983). Based on these arguments, the role of the boards in relation to agency theory is not just to control the firm but, more importantly, the board members should use their expertise to advise the firm's management.

### ***Human capital theory***

Human capital theory is concerned with the added value of people and it is an important element of the intangible assets of an organisation (Debrauvais, 1962; Becker, 1993; Baron & Armstrong, 2007). Reed and Wolniak (2005) wrote that the importance of human capital has been applied to education in explaining investment decisions in higher education and on-the-job training. The key

assumption of human capital theory is that schooling raises earnings and productivity, mainly by providing knowledge and skills (Becker, 1993).

In a boardroom, human capital comprises a major part of directors' 'tacit' or 'soft' knowledge including intuition, rules of thumb and unconscious values (Hitt et al., 2001). This knowledge has helped directors to become more critical in analysing the different viewpoints of other directors (Stewart, 1997). Hence, directors can supply their knowledge along with their skills of mentoring and counselling to engage in strategic processes (Zahra & Pearce, 1989; Offstein & Gnyawali, 2006). Stewart (1997) emphasised that the greater the human-capital intensity of the board members, the greater the percentage of high value-added activities performed by the board that contributed to the success of company strategy.

The importance of directors' human capital in fulfilling their governing function has been noted and this topic has received considerable attention in corporate governance literature (Hillman & Dalziel, 2003; Nicholson & Kiel, 2004; Baron & Armstrong, 2007). For example, Nicholson and Kiel (2004) proposed human capital as knowledge, skills and abilities possessed by directors, including functional, industry, board-specific and organisational-specific knowledge, skills and abilities. These authors argued that boards are more effective in carrying out their roles when individual directors apply their knowledge, skills and abilities. Since human capital is valuable in enhancing productive capabilities for individuals and firms, it is not surprising to find that it also contributes to new venture success.

### ***Social capital theory***

Social capital theory focuses on board members networking (Nerdrum & Erikson, 2001; Glaeser, Laibson & Sacerdote, 2002). Yangmin and Cannella (2008) defined social capital as interpersonal linkages between individuals, both inside and outside the firm. They argued that the benefit of internal social capital among directors reduces the various economic costs associated with communication and

cooperation at the board level. The external social capital, which derives from a person's networking, can also play a significant role in director's decision-making (Yangmin & Cannella, 2008). Hence, Glaeser, et al. (2002) argued that social capital is important to enable the person to interact with others effectively.

In this regard, a number of scholars agreed that social capital (at the individual as well as the aggregate levels) promises cooperation, collaboration and coordination, and thereby has a variety of organisational outcomes such as political participation and good governance (Paldam, 2000; Claeser et al., 2002; Kor & Sundaramuthy, 2008). For example, Kor and Sundaramuthy (2008) argued that directors may have the ability to access information and resource networks through internal connections from their formal positions or through external networks from their hobbies or elite schools. However, Westphal and Milton (2000) argued that these networks can create agency problems because they tend to be 'old boys clubs' and may not perform well in monitoring the top management of the company. Hence, having good social networks could also create problems for the board if board members are not able to balance their roles (Kemp, 2006).

A few studies have examined the relationship between directors' social capital and firm performance. Westphal and Milton (2000) found that board members' social capital influenced strategic decision-making and directors' effectiveness. Specifically, Yangmin (2005) found that board social capital, particularly network density, had a positive effect on firm performance measured by return on assets. Using a longitudinal sample of high technology firms Kor and Sundaramuthy (2008) found that outside directors' membership on multiple boards, industry-specific managerial experience, and firm-specific founding experience have strong additive effects on firm growth. Furthermore, external social capital of outside directors was found to influence firm performance (Nerdrum & Erikson, 2001). Thus, joining social networks in specific organisations has been seen as a common form of social capital investment that could give significant return to firm performance (Glaeser et al., 2002). The above pieces of work indicate that

the social capital of the board members plays an important role in effective governance.

### **2.4.3 Types of members of boards of directors' characteristics**

Based on previous studies, in this study the characteristics of board members are classified into three categories, as follows:

- i. Demographic characteristics – observable attributes of board members including age, gender, tenure, number of directorships (Pfeffer, 1983; Hambrick & Manson, 1984; Zahra & Pearce, 1989; Westphal & Milton, 2000).
- ii. Personality characteristics and values – psychological characteristics including integrity, credibility, courage, confidence and others (Hambrick & Manson, 1984; Coulson-Thomas, 1992; Milliken & Martins, 1996; Yulk, 2006; Leblanc, 2003; Kakabadse & Kakabadse, 2007; Levrau & Van den Berghe, 2007b).
- iii. Competencies – general, functional and specific knowledge, skills, experience and educational qualification (Hambrick & Manson, 1984; Milliken & Martins, 1996; Forbes & Milliken, 1999; Conger, et al., 2001).

#### ***Demographic characteristics***

Demographic characteristics refer to observable attributes of individuals including age, gender, tenure and ethnic backgrounds (Peffer, 1983). Forbes and Milliken (1999) argued that each component of board members' demographic characteristics is likely to have multiple, complex and contrasting effects on board performance. For example, boards with diverse backgrounds are more likely to have more access to information, however, they also experience communication and coordination difficulties because their members may be unable to accept the expertise of others to solve the problems faced by the board (Forbes & Milliken,

1999). The following sections review various demographic characteristics found in the literature.

**Age.** In some countries, legally, company directors have minimum and maximum age requirements. For example, the Malaysian Companies Act 1965 stipulates that the minimum age of Malaysian company directors should be 18 years, while the maximum age is 70 years. In support of this, Ford (1992) argued that, ideally, directors should not be too young because senior individuals with several years of experience will perform better than very young and inexperienced candidates. Meanwhile, Koufopoulus et al. (2007) argued that older directors may have less physical and mental stamina, and, thus, they are less able to grasp new ideas and learn new behaviours. However, they are likely to have greater psychological commitment to the organisation (Koufopoulus et al., 2007). Furthermore, Ford (1992) recommended that the relevant age of directors be between 30 and 60 years.

The average directors' age in various countries was found to be quite similar. In Greece, the average age of a chairman is 59 years (Koufopoulus et al., 2007). In ten European countries (Portugal, Spain, Sweden, Italy, Germany, the UK, Belgium, Switzerland, France and the Netherlands) the average age of directors was found to increase from 58 years in 2005 to 59 years in 2007 (Heidrick & Struggles, 2007b). The highest average directors' age was found in the Netherlands (62.9 years). In Australia, the average age of directors is 57 years while the age ranged from 30 to 85 years. In New Zealand a director's age is between 59 and 61 years (Korn/Ferry International & Egan Associates, 2007). These findings imply that the average age of directors in most countries ranges between 55 and 60 years, which is considered not too young or too old (Ford, 1992).

Due to the importance of directors' age, over the years many studies have been undertaken to explore the relationship between directors' age and firm performance. For example, Hambrick and Manson (1984) concluded that older executives are likely to minimise risky decisions in order to secure their careers.

Ford (1992) hypothesised that the higher the age of a person, the more experience the person can acquire. Thus, they can perform well when they engage in strategic decision-making processes, which, in turn, improves firm performance (Mitchell, 2004). In another study, Koufopoulus et al. (2007) found that the older the chairman, the better the competitive position of the firm. In addition, based on a study of 117 leaders across Europe and Asia Pacific, O'Brien and Robertson (2009) discovered that younger directors appear to be lacking leadership competencies associated with variables such as self-mastery, authenticity and presence. By contrast, they found that older directors appear to be lacking in leadership competencies associated with creativity, resilience and glocalism. They concluded that in an emerging global business environment, leadership competencies must be refined in practising leaders regardless of their age.

***Ethnic and gender diversity.*** Many researchers found that increased board diversity led to better boards and governance on the grounds that diversity allowed boards of directors to tap into a broader talent pool (Pearce & Zahra, 1991; Carver, 2002; Walt & Ingley, 2003; Fairfax, 2006; Grosvold, Brammer & Rayton, 2007). Walt and Ingley (2003) argued that because society is now much more multicultural, companies today face more complex economies, which in turn demands more talent, that is, sophisticated. Hence, studies of boards of directors have acknowledged the importance of having diversity on boards to provide the diverse perspectives that today's business requires (Carpenter & Westphal, 2001; Fairfax, 2006; Miller & del Carmen Triana, 2009). For example, Miller and Carmen Triana (2009) found a positive relationship between board racial diversity and both firm reputation and innovation of Fortune 500 firms in the US. In summary, in the boardroom, diversity is purported to ensure that a board is composed of qualified individuals who reflect a diversity of experience, gender and ethnicity (Robinson, Gail & Dechant, 1997; Carver, 2002).

The importance of board diversity has been supported by different theoretical perspectives. Agency theory supports representations from diverse groups to provide a balanced board so that no individual or group of individuals can dominate board decision-making (Hampel, 1998). The resource dependency



theory view of board diversity provides linkages to external resources, especially providing a linkage to a nation's business' elite, access to capital, connections to competitors or market, and industry intelligence (Robinson, et al., 1997; Ingley & Walt, 2003). From an economic perspective, Carver (2002) and Carver et al. (2003) argued that greater equality of representation may derive indirectly from the improvement of relationships with external institutional investors, equal opportunity pressure groups and employment law regulators. Hence, having a board that is more representative of the wider society may bring direct benefits through promotion and communication of sensitivity to investors as well as customer preferences, aspirations and concerns that enhance relations with customer stakeholders (Bilimoria & Wheeler, 2000).

Although diversity is not solely defined in terms of age and ethnics, another focus in literature is the representation of women on corporate boards. It has been found that the representation of women on corporate boards is very limited. For example, in the US women directors in large companies comprised only 15 per cent (Terjesen & Singh, 2008). In the UK, the percentage of women on corporate boards was 8.4 per cent (Heidrick and Struggles survey, 2007), while in Australia, it was 8.2 per cent (Korn/Ferry International & Egan Associates, 2007). Despite the low percentage of women on corporate boards, they had attracted the attention of a number of researchers (e.g. Burke, 2000; Carter, Simkins & Simpson, 2003; Arfken et al., 2004; Singh & Vinnicombe, 2004). Issues examined included the advantage of women on corporate boards (Burke, 2000; Singh & Vinnicombe, 2004; Huse & Solberg, 2006) and the influence of women on firm performance (Carter et al, 2003; Smith, Smith & Verner, 2006; Campbell & Manguel-Vera, 2008)

A range of factors can be identified from various studies on the advantages of appointing women on boards. In a recent study, Miller and del Carmen Triana (2009) found a positive relationship between board gender diversity and innovation of Fortune 500 firms in the US. Meanwhile, in Canada, Burke's (2000) study of the largest 350 companies found that bigger boards had more women and that women who worked in a larger firm were usually more visible

and credible. In agreement, other studies found that women directors can create a positive atmosphere in the boardroom by sharing their experiences with the board and by providing new skills and fresh ideas (Singh & Vinnicombe, 2003). Furthermore, women directors were more determined than men in pursuing answers to difficult questions (Huse & Solberg, 2006). As a result, they can provide unique perspectives on board decision-making processes (Bilimoria, 2006). In addition, Jamali, Safieddine and Daouk (2007), based on their study in a Lebanese bank, concluded that the representation of women on corporate boards can reflect positively on the status of women at work. However, because of the low percentage of women on boards, they suggested that government intervention is needed to increase women's participation at the boardroom level.

Other studies empirically examined the relationships between women directors and firm financial performance. For example, Carter et al. (2003) discovered that significant positive relationships exist between the proportion of women on a board and firm value as measured by the Tobin Q. Catalyst Census of Women (2004), and Smith et al. (2006) found that a high representation of women on boards positively affects firm financial performance and shareholder value. In addition, using panel data analysis, Campbell and Manguelz-Vera (2008) revealed that the percentage of women on boards had a positive effect on firm value. They concluded that investors in Spain did not penalise firms that had increased their female board membership because they had acknowledged that greater gender diversity may generate economic gains. The above piece of work implies that although the percentage of women on corporate boards was found to be much lower than men's, women directors had made significant contributions to firm performance. Indeed, women should be given more opportunity to join corporate boards.

***Tenure.*** Previous studies argued that it takes at least three to five years for directors to gain adequate understanding of their firm's operations (Korn/Ferry International, 2003). Because of this, a study by Korn/Ferry International in 2007 revealed that 62 per cent of Asia-Pacific boards recruited directors who had more than three years' experience. Because of the importance of directors' tenure, some

scholars (Pfeffer, 1983; Bantel & Jackson, 1989; Forbes & Milliken, 1999) argued that greater tenure can have both a positive and a negative impact on firm performance. For example, Pfeffer (1983) provided a theoretical basis for expecting a direct effect of team tenure on performance and concluded performance will be highest when employees have been in a position long enough to learn local practices. Forbes and Miliken (1999) added that greater tenure had led to boards acquiring a high level of knowledge and skills, and boards that are more cohesive, because their members were familiar with one another. Long-tenured boards are also likely to experience lower levels of cognitive conflict because in working together they are likely to have developed a shared understanding of the issues that face the firm (Forbes & Milliken, 1999).

A number of studies into directors' tenure were found to produce conflicting results. Some studies have shown that longer tenure lead to superior boards' performance. For example, the longer tenure of board members in a particular firm had exposed them to more company information and a complex business environment (Vafeas, 2003; Schnake et al., 2005) and to boards exchanging information more frequently (Rutherford & Buchholtz, 2007). Thus, they were more capable of monitoring any firm misbehaviour (Schnake et al., 2005). In addition, Dulewicz and Herbert (2004) revealed a significant relationship between the tenure of NEDs and firm performance. They concluded that the value of long-serving NEDs was crucial in positioning the company to be more competitive. In another study, Goll and Rasheed (2005) discovered that increases in tenure enabled board members to be together for longer periods and, thus, evolve interaction mechanisms for reducing group conflict.

Contrary to these studies, Katz (1974) found that performance appeared to decrease for teams of long tenure. In addition, longer tenure has been found to lead to board members establishing close relationships with the CEO and, consequently, a stronger motivation to accommodate the CEO's demands (Geddes & Vinod, 1998). Forbes and Milliken (1999) argued that as directors' loyalty shifts towards the CEO, they develop 'groupthink' and an unwillingness to confront a CEO, especially when it can affect their positions. Likewise, Vafeas

(2003) found that directors with 20 or greater years of service were likely to be affiliated with the CEOs, which led the latter to receiving higher pay regardless of their performance. In addition, Sarkar and Sarkar (2005) found that longer tenure also led to directors becoming less open to a broader range of information sources, and more resistant to organisational changes in management because they felt complacent in their jobs. Indeed, they were found to have difficulty in detecting and reacting to a changing environment (Williams et al., 2005). Based on a study of 27 Turkish banks, Kaymak and Bektas (2008) also found board tenure to be associated negatively with performance. To overcome such problems, Vafeas (2003) recommended that a company needs to limit a director's tenure to encourage the board to be more independent. It was reported that the average directors' tenure in European countries has decreased from five to six years in 2005 to two to three years in 2007 (Heidrick & Struggles, 2007b).

***Number of directorships.*** Many studies revealed several advantages of directors serving on multiple boards. Ong, Wan and Ong (2003) revealed that multiple directorships exposed directors to various types of business environments. In addition, more recently, Kor and Sundaramurthy (2008) found that multiple board memberships provided opportunities for directors to access a wide variety of ideas and knowledge. This is essential for effective decision-making. In addition, empirical evidence from several studies shows that board members who served on multiple boards are able to enhance organisational effectiveness (Ferris, Jagannathan & Pritchard, 2003; Fich & Shivdasani, 2004), as well as firm growth and values (Ong et al., 2003; Keys & Li, 2005; Sarkar & Sarkar, 2005). For example, Ong et al. (2003) examined the structure of interlocking directorates among 295 listed companies in Singapore and found that market capitalisation, board size, total assets, return on assets, return on sales, profit before tax and nature of the company (financial or non-financial) are significantly correlated with board interlocking directorships.

However, some studies revealed that holding multiple directorships led to several problems for board members including becoming less committed to their jobs (Liu & Chyan, 2008) and overstretched to the point where they may reduce their

ability to contribute to decision-making (Heidrick & Struggles, 2007a). This is because directors who serve more boards are believed to lack the time needed to prepare effectively for board meetings and that these directors will be less likely to attend scheduled meetings (Daily & Dalton, 2004). In addition, Fich and Shivdasani (2004) discovered that busy directors can hurt firm performance. Specifically, they found that firms in which the majority of their outside directors were busy (e.g. holding three or more directorships) were associated with weak corporate governance, lower market-to-book ratios, weaker profitability and lower sensitivity of CEO turnover to firm performance. These findings imply that there is a potential pitfall in board members having multiple directorships.

To overcome such problems, several developing countries (e.g. Malaysia, India, Pakistan, and South Korea) have imposed regulatory limits on multiple directorships. In the US, although this issue has not been mentioned specifically, Heidrick & Struggles (2007a) reported that 54 per cent of the US companies had limits on the number of boards on which CEOs can serve. Table 2.3 shows limits on directorial positions in several countries.

**Table 2.3: Limits on directorial positions according to country**

Country	Limits on directorial positions	
India	Yes	Not more than 10 for managing director; not more than 20 for others
Malaysia	Yes	10 listed companies, 15 otherwise
China	None	
Pakistan	Yes	Maximum 10
Singapore	None	
South Korea	Yes	Maximum 2 for non-executive directors
Thailand	None	Except for bank directors; maximum 5
USA	None	
UK	None	

Source: Code and principles of corporate governance, European Corporate Governance Institute, <http://www.ecgi.org/codes/index.php>

However, Kiel and Nicholson (2006) urged that policy and guidelines that seek to limit multiple directorships ignore the rich traditional and empirical support for

resource dependency roles. They believed that holding many directorships had helped directors become resourceful for the firm, especially when they used their external contacts and reputation to the advantage of the firm that they served (Pfeffer & Salancik, 1978; Johnson et al., 1996; Hillman et al., 2000; Brown, 2007). Thus, an attempt to limit the number of directorships may reduce directors' capabilities to engage in effective corporate governance (Fich & Shivdasani, 2004). Nevertheless, Siladi (2006) argued that if limits were applied, more potential candidates would need to be recruited and trained. Furthermore, Garrat (2005) commented that multiple directorships only occurred in larger firms, because larger firms may need more board members. Thus, policy makers and shareholders should not see multiple directorships as a threat. In fact, they can be considered an asset to a company (Kiel & Nicholson, 2006).

### ***Personality characteristics and values***

According to Hogan (2004) 'personality characteristics' have two different meanings. First, they refer to the impression a person makes on another; and the second emphasises the underlying, unseen structure and process inside a person such as ego, self-confidence and other qualities (Hogan, 2004). Values refer to what a person regards as important or worthwhile and produce non-specific feelings of good and evil, normal and abnormal, rational and irrational, which can only be inferred from individual actions (Hofstede, 2001). These include a variety of individual attributes such as sense of responsibility, integrity and ethics (Yulk, 2006; Levrau & Van den Berghe, 2007b). Tricker & Lee (1997) argued that personality characteristics and the values of individuals are interrelated. They turn out to be important factors in governing organisational effectiveness because they send a tangible message about the company's most highly valued leadership behaviours.

Although personality characteristics and values of board members have not yet been explored extensively in corporate governance research, some studies discovered that board members' personality characteristics and values were important to a firm. For example, Sorros and Butchantsky (1996) revealed six

important directors' characteristics that contributed to firm performance. These included being trustworthy, a team builder, a clear communicator, energetic, self-confident and action-oriented. Another study found that awareness, relational skills, emotional intelligence and resilience, were among the important characteristics of board members (Kets-de-Vries & Florent-Treacy, 2002). In addition, Leblanc (2003) suggested that in building effective boards directors need to be a balance of challengers, consensus builders, change-agents, counsellors, conductors, and chairs. In a more recent study, Levrau and Van den Berghe (2007b) found trust among board members and the CEO, as well as board members' preparation and participation in the boardroom, to be important for the effectiveness of boards of directors.

Accordingly, three studies (Stiles & Taylor, 2002; Letendre, 2004; Prasanna, 2006) discovered that directors' commitment was important to enhancing firm strategy and decision-making. Commitment referred to a willingness to persist in a course of action and reluctance to change plans. This was often due to a sense of obligation to stay the course (Buchanan, 1974). Directors' commitment is important because they need to spend more time with a company as their roles change from being simple to quite complex (Prasanna, 2006). For example, the Korn/Ferry International boards of directors' survey in 2008 revealed that on average, a director in North America spends almost 16 hours a month working on a board, including the time taken reviewing and preparing, attending meetings and travelling. This shows that directors' jobs demand great commitment. Wei (2005) suggested that in exchange for director commitments, a company needs to provide some incentive and, especially, fair compensation. Hence, directors should be receiving a sufficient level of compensation in return for their contributions.

In the context of board roles, Wei (2005) argued that effective boards depend on each individual director working with other board members and executives to promote the long-term objectives of their companies. Board members' relationships are important because of the separation of ownership and control, which require each party to assist one another, for the benefit of the company

(Zahra & Pearce, 1989; Johnson, et al., 1996). For example, social ties between other board members and chairman were found to enable the chairman to be more familiar with a firm's management and enhance the quality of communication and information exchange among them (Vafeas, 2003). In addition, Ward (2003) advocated that good relationships between the chairman and the board members, as well as the management, can build a sense of shared purpose and direction for a firm.

However, Blake (1999) suggested that integrity and ethical values were the most important values of directors. This, in fact, was demonstrated in an earlier survey of UK board members by Dulewicz and Higg (1997). Integrity involves personal behaviours that are consistent with espoused values and show that the person is honest, ethical and trustworthy (Yulk, 2006). Likewise, a survey by Korn/Ferry International (2003) found that ethics/transparency/honesty were the most important values of the CEO, followed by achieving results, focus on the customer, teamwork, commitment, respect and others. In more detail, Francis (2000) classified seven ethical principles that might act as a guide to ethical behaviour:

- i. dignity – respecting the interests of others
- ii. equitability – being fair
- iii. prudence – requiring individuals to exercise a degree of judgement and making a situation better
- iv. honesty – truthfulness and avoidance of lying
- v. openness – concerning what should be revealed
- vi. goodwill – concern for others reflected in kindness and tolerance
- vii. avoidance of suffering.

In a company, the board sits at the top of a corporate hierarchy and acts in the best interests of the company. Shwartz, Dunfee and Kline (2005) argued that whether or not boards actively sought the responsibility, they served as role models for the ethical tones of the company. Therefore, they needed to ensure the high ethical conduct of their companies (crucial for corporate business success). For example, Francis and Armstrong (2003) considered that good ethical practice is an essential



part of risk management including identifying potential problems, preventing fraud and preservation of corporate reputation. In addition, Shwartz et al. (2005) argued that ethical values and principles helped provide moral justification for laws that might lead to greater ethical compliance with the law. Hence, it was argued that board members behaving ethically contributed to positive outcomes for the entire organisation including its stakeholders (Francis & Armstrong, 2003).

Although it was argued that directors' attitudes and behaviours were important in building effective boards (Leblanc, 2003; Huse, 2005, 2007; Levrau & Van den Berghe, 2007b) very few studies were found in this area. Perhaps one of the reasons was because it is difficult to gain access to boards to explore this issue (Taschler, 2004; Levrau & Van den Berghe, 2007b). Hence, the impact of boards of directors' attitudes and behaviours on firm performance has not yet been demonstrated conclusively.

### ***Competencies***

A specific job consists of a set of deliverables, output and roles (Forbes & Milliken, 1999; OECD, 2005), which requires a number of individual competencies. The term 'competence' originates from the Latin verb 'competere' which means 'to be suitable' (Nordhaug, 1993). In general, competencies may be defined as the ability to perform specified tasks (Werner, 1994). The term has in more recent work-related versions been applied to describe underlying characteristics of a person, which results in efficient work performance (Garrat, 2005; Jokinen, 2005; Boyatzis, 2008). For example, competency has been defined with terms describing certain personal traits, behaviours, skills, values, and knowledge of directors (Jokinen, 2005; Garrat, 2005). It also includes experience and qualifications (O'Higgins, 2002; Pass, 2004). Specifically, Boyatzis (2008) defined competencies as capabilities or abilities. He divided competencies into three clusters that distinguished outstanding performance: expertise and experience; knowledge; and basic cognitive competencies (skills) such as analytical thinking skills. These definitions imply that competencies focus on

what is expected of employees in the workplace and their ability to transfer and apply knowledge and skills to their jobs.

Based on the above reviews, in this study competencies have been viewed as those qualities that enable directors to perform their board roles, including experience, knowledge and skills, and educational qualifications.

***Knowledge and skills.*** Knowledge and skills are a critical form of capital that affect firms and individuals' productive capabilities (Forbes & Milliken, 1999). Earlier scholars (such as Arrow, 1962) differentiated knowledge by using a notion of public good, because knowledge is extensively used by individuals. According to Nordhaug (1993), knowledge is specific information about a subject or a field, while a skill is a specific ability to perform work-related tasks. He argued that knowledge is a prerequisite for the possession of skills. Hence, in order to accomplish a skill successfully, employees must have some prior knowledge about how to perform specific skills. Spender (1996) felt that knowledge must be defined precisely to ascertain which knowledge is more significant and how it leads to a firm's competitive advantage.

In the board room context, Conger et al. (2001) identified knowledge and skills as board members' expertise and understanding of certain issues, which involve such areas as business strategy, succession, finance, technology, society, government policy and firm operations. Pearce and Zahra (1991) stated that boards of directors were able to use their knowledge and skills to add value to the board in three ways:

- i. as a cooperative mechanism to external resources, which allows a firm to access more capital;
- ii. as boundary spanners, by providing channels for communicating information; and
- iii. enhancing organisational legitimacy through adequate and reasonable knowledge and experience.

Previous literature has offered different classifications of the knowledge and skills of board members. For example, Hambrick and Manson (1984) categorised knowledge and skills into three:

- i. output function, comprising areas such as marketing, sales, and research and development;
- ii. throughput function; technical areas such as production, accounting, and engineering; and
- iii. peripheral function including law, finance and others.

Forbes and Milliken (1999) provided a simpler classification: functional knowledge and industry-specific knowledge. Functional knowledge comprises traditional areas of business knowledge such as accounting, finance, legal, and marketing; while industry-specific knowledge refers to technical areas, such as those related to company operations. Specifically, Yulk (2006) classified skills that are required for leaders into three taxonomies:

- i. technical skills – knowledge about methods, process, procedures and techniques for conducting a specialized activity;
- ii. interpersonal skills – knowledge about human behaviour and interpersonal processes, including the ability to communicate clearly and effectively; and
- iii. conceptual skills – general analytical ability, logical thinking, proficiency concept formation and conceptualisation of complex relationships, creativity in idea generation and problem solving and ability to analyse events including anticipating change and potential problems.

Although business knowledge is important to the individual director, Conger and Lawler (2001) argued that certain critical areas such as strategy formulation, change management, employee relations and organisation development were often overlooked. These leave big gaps in boardroom expertise because many boards of directors define these issues as being beyond the board's domain.

Previous studies provide some evidence that knowledge and skills are among the important factors for the effectiveness of board and firm performance. For example, some studies discovered that directors with financial expertise should

provide a balance mechanism to control firm performance (Vafeas, 2003; Radin, 2004). Particularly, a CEO who had a reasonably comprehensive understanding of financial statements was able to monitor company accounting methods and internal control systems (Conger & Ready, 2004). Moreover, having relevant knowledge and skills helped board members play more active roles in a boardroom (Conger & Lawler, 2001) and provide relevant input into strategic decision-making (Carmeli, 2006; McDonagh, 2006). More importantly, board members' expertise was found to be associated with their ability to forecast the future of a company (Mangena & Pike, 2005). In addition, since board members individually have legal responsibilities towards their company, they are expected to have some legal knowledge of each country (Afterman, 1970; Coulson-Thomas, 1993; Andarajah, 2001; Sulaiman, 2001). For example, Coulson-Thomas argued that having legal knowledge enabled board members to have more understanding of their responsibilities and to be more accountable to their jobs. In the case of Malaysia, the importance of having legal knowledge has been highlighted by the Company Commission of Malaysia (CCM) (2004):

A company may have directors with the right expertise and experience and who have sufficient time to perform their duties, but if they are not aware of their statutory and common law duties and the effect of a breach of such duties, it will not do the company any good. Ignorance of law or lack of understanding of the law may invariably lead to a breach of such law by directors (p. 29).

Nevertheless, Sonnenfeld (2003) questioned the argument that higher levels of financial expertise of board members would prevent a governance crisis. As he pointed out, Enron had on its board international bankers, former financial market regulators, current financial-service firm leaders and an accounting professor, and yet such an impressive board did not prevent a governance crisis from occurring. Likewise, Jeanjean and Stolowy (2008) revealed a negative impact from having board members with financial knowledge on a company's growth opportunity, and they also found that financial expertise is not the only type of knowledge and skills required by boards. They argued that board members also need other types of business knowledge and skills.

In accordance with the above argument, Carter and Lorsch (2004) emphasised the importance of the intellectual ability of the board members. They argued that having intellectual ability enabled board members to understand complex business, and demonstrated an awareness of a link between role and 'market' opportunities for a company. The importance of having board members who had business skills was revealed by Katz (1974), who identified human and conceptual skills as the most critical skills for the top management. Nevertheless, Forbes and Milliken (1999) argued that interpersonal skills or leadership skills, a capacity to communicate well and an ability to work well with other board members and company management teams are also important to enable board members to participate actively in boardroom discussions.

In accordance with this argument, Goleman (1998, 2000) highlighted the importance of human and social skills. These include: effectiveness in leading change and being a change catalyst; the ability to take charge and inspire others with a compelling vision; visionary leadership; developing others; conflict management; expertise in building and leading teams; teamwork and collaboration; communication and listening skills; persuasiveness; the ability to influence; and building bonds and finding common ground with all kinds of people. Similarly, Moran and Riesenberger (1994) maintained that socially skilful managers were able to: motivate employees to excellence; negotiate conflicts; and lead and participate effectively in multicultural teams. Social performance skills include communication, persuasion, negotiation and conflict management. Furthermore, according to Spreitzer et al. (1997), interpersonal skills help leaders to bring out the best in people. They also increase their capability for cooperation and team building; the ability to attract and develop talent; increase the capacity to motivate and align people to one vision. All this needs good oral and written communication. This implies that social or interpersonal skills are also important to the effectiveness of boards of directors.

However, Conger and Lawler (2009) argued that because of the complexity of most business, it is impossible for any board member to understand all of the issues that are likely to come before boards. They suggested that board members

should possess knowledge and skills that are relevant to company activities. To do so, many boards have developed matrices that identify key knowledge areas to be represented on their boards and then map these against the existing directors' competencies. This is needed to determine the strengths and weaknesses of the current board, as well as used to identify the gaps to be filled through the selection of new directors (Conger & Lawler, 2009). A good example is the skill matrix of balanced board members' backgrounds proposed by Korn/Ferry International (1998), as shown in Table 2.4 below.

**Table 2.4: A sample of boards of directors' skills matrix**

Type of skill	Director A	Director B
Strategic planning	Some – previously participated in strategic planning during career	Some – particularly in terms of high tech
Organisational design	Considerable – was part of restructuring company	Minimal
Change management	Minimal – always been with stable organisation	Considerable – currently involved in such a situation
Financial control	Minimal – experience had been in marketing	Considerable – once served as Chief Financial Officer (CFO)
Leadership	Excellent – had built up two companies and is well respected	Strong – active in both corporate and community leadership
Teamwork	Excellent – an industry icon	Excellent – known for developing a strong management team
International	Some – spent time in London early in career	Excellent – has managed Asia/Pacific and European operations

Source: Korn/Ferry International (1998, p. 6)

Due to the lack of consensus concerning what knowledge and skills are required to be a good director, little attention has been given to evaluating the impact of directors' knowledge and skills on firm performance (Epstein & Roy, 2004). Thus, the effect of directors' knowledge and skills on other corporate governance areas has not been established. The above reviews imply that there are no definite

knowledge or skills that are important for the effectiveness of boards of directors. Instead, boards of directors need to have a combination of various types of knowledge and skills.

***Experience.*** Many authors have argued that experienced directors are able to interpret business situations effectively and deal with any business challenges (Pearce & McMillan, 1983; Olfen & Boone, 1997). This argument is based on different assumptions about the most important factors in the strategic decisions, competitive threats and opportunities that face a firm (Westphal, & Milton, 2000). For example, if mergers and acquisitions are a strategic priority of a firm, board members who have experience in business will be effectively involved in board discussions and decision-making related to these matters (Behan, 2006). Brian (2002) explains that business experience does not necessarily mean experience in the same type of business, or even in the same industry sector. He added that experience as a successful businessperson should also be considered as an essential quality of directors as the person has had more exposure to a real business environment, risk and decision-making. Furthermore, Stone and Tudor (2005) indicated that the value of management experience may depend upon the quality of that experience. In this regard, several types of experience have been found to be important for individual directors, including experience of dealing with people in a company, company business and a boardroom environment (Brian, 2002; Roberts et al., 2005).

Several empirical studies have provided support for the organisational benefits of individual work experience. For instance, Blake (1999) found a positive relationship between employee experience and firms' return on net assets. While Westphal (1999) found that experienced directors develop ties with other directors, executives and industry players more easily. This was explored further by Kor and Sundaramurthy (2008) who found that this networking helped board members be more familiar with a firm's management and for dealing with employees. In addition, Carpenter et al. (2000, 2001) found that US multinationals with international assignment-experienced CEOs performed better than those led by CEOs without such experience. Thus, it is believed that having

industrial experience enhances the quality of communication and information exchange among directors and executives (Milliken & Martins, 1996).

In contrast, Wiersema and Bantel (1992) found that strategic change is negatively correlated with longer single-industry experience, because it relates to commitment to the status quo. This can be explained because experience affects a firm's ability to change strategically (Hambrick & Fukutomi, 1991). In addition, Jensen and Zajac (2004) did not find any supporting evidence that corporate elites' experience affects firm strategy, specifically firm diversification and acquisition activities. Daniel, Tanja and Utz (2007) revealed that directors' experience does not appear to improve the speed of decision-making, including decisions relating to strategic direction.

Based on this review, Hansel (2003b) concluded that industry experience is the most important characteristic of board members. Therefore, she recommended that the first consideration in identifying a potential candidate to fill a board position that would be useful for any corporation is relevant business experience.

***Educational qualifications.*** From a resource-dependency theory perspective, qualified and skilful board members can be considered as a strategic resource to provide a strategic linkage to different external resources (Ingley & Walt, 2001). Westphal and Milton (2000) argued that higher education qualifications of board members provided them with greater intellectual ability, innovative ideas and unique perspectives to analyse certain strategic issues. As a result, they could extend their knowledge to consider various alternatives in addressing such issues (Cox & Blake, 1991). This can be explained because formal education backgrounds reflect an individual's cognitive ability and skills, which enable a person to acquire good strategic and analytical thinking skills (Wiersema & Bantel, 1992; Hilmer, 1998). Hence, board members with higher education can provide a rich pool of ideas from which to develop policy initiatives, with analytical depth and rigour, and which, in turn, contribute to good decision-making (Westphal & Milton, 2000).



Many studies have shown that board members' educational qualifications provide some advantages to a firm. Some studies have linked the level of educational qualification with the capacity for information processing (Cox & Blake, 1991; Haniffa & Cooke, 2002). For example, Cox and Blake (1991) revealed that the presence of more qualified board members extended the board's knowledge base, stimulated board members to consider other alternatives and enhanced a more thoughtful processing of problems. As a result, these people can drive an organisation to less exposure of risks and are likely to undertake changes in corporate strategy (Westphal & Milton, 2000; Jensen & Zajac, 2004). In addition, Haniffa and Cooke (2002) found positive relationships between general business and accounting education of board members, and disclosure of information. They concluded that as board members had more understanding of company financial aspects, they became more accountable to their boards. Indeed, Yermack's study (2006) found that among others, share-price reactions are sensitive to directors' accounting and finance qualifications.

However, due to the demands of the modern business environment, Conger and Lawler (2001) argued that the board members' educational qualifications required by an organisation often changes significantly. For instance, to overcome financial fraud most corporate governance regulations have outlined the importance of having accounting qualifications among board members.<sup>7</sup> Kets-de-Vries & Florent-Treacy (2002) asserted that in a dynamic and competitive global economy, corporate leaders need to possess various business qualifications such as those associated with strategic management, human resources, international business, and marketing. For example, CEOs in the new global corporations are likely to have humanities or engineering degrees and a Masters of Business Administration (MBA) (Kets-de-Vries & Florent-Treacy, 2002). These are essential because global leaders must adapt to a diverse business environment, while at the same time meeting company expectations. The best approach that a

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<sup>7</sup> Section 101 (e-1) of the Sarbanes-Oxley Act, for example, requires that two members of US public-listed companies' boards shall be certified accountants, to ensure the effectiveness of monitoring the financial conduct of the company.

company can adopt is actively to seek out individuals who possess qualifications that fit with the strategic needs of the company (Conger & Lawler, 2001).

## **2.5 Summary**

In summary, a board of directors is a group of people who have been appointed based on the legal requirements to oversee a firm, and to protect the interests of the shareholders. Therefore, the board is responsible for overall firm performance. Due to the importance of the role of the board to the corporation, boards of directors have been extensively studied in the last few decades. The literature suggests that boards of directors play crucial roles in board effectiveness and firm performance, however, the relationship between boards of directors and firm performance has been found to be mixed. Thus, prior studies concluded that effective board governance does not depend entirely on the structure and the composition of the board, but also on the dynamics of the board including the characteristics of individual directors. Furthermore, boards of directors' demographics characteristics, personality characteristics and values and competencies, when properly engaged, enable boards to make better decisions and run their company more effectively and, in turn, improve firm performance. This literature review paves the way to present a theoretical framework for this study in Chapter 4. Before this, Chapter 3 describes corporate governance in Malaysia, where the study takes place.

# **CHAPTER 3**

## **CORPORATE GOVERNANCE IN MALAYSIA**

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### **3.1 Introduction**

Corporate governance is defined as the process and structure employed to manage company business and affairs, towards improving business prosperity and corporate accountability (Cadbury, 1992; Monks & Minow, 2001; Kasipillai, 2005). In Malaysia, corporate governance is essential to the ability of the existing economy to attract long-term foreign capital (Arif, Ibrahim & Othman, 2007). The principal rationale for promoting good corporate governance is to sustain the long-term viability of Malaysian corporations to compete in a global economic climate.

This chapter provides a brief review of corporate governance and boards of directors in Malaysia. It is an attempt to identify the economic and political issues that have shaped Malaysian corporate structure and boards of directors. The areas reviewed include:

- 3.2 The Malaysian national and economic setting
- 3.3 National Economic Policy
- 3.4 Liberalisation of equity holdings in capital market
- 3.5 Brief history of Malaysian Public Listed Companies
- 3.6 Ownership concentration in Malaysia
- 3.7 Corporate governance development in Malaysia
- 3.8 Malaysian corporate governance framework
- 3.9 The efficiency of boards of directors
- 3.10 Summary

### 3.2 Malaysian national and economic setting

Malaysia was formed in 1963 with the merger of the states in Malaya, Sabah, Sarawak and Singapore (Hooker, 2003). However, because this larger political entity did not function smoothly, on 9 August 1965 Singapore exited from Malaysia and became an independent country (Swee-Hock, 2007). Today Malaysia is a multi-cultural society, with considerable divisions based on ethnicity, religion and language. In 2008, Malaysia had a population of about 27,882 million people<sup>8</sup> (Economic Planning Unit, 2008). *Bumiputera*<sup>9</sup> accounted for nearly 60 per cent of the total population, followed by Chinese 22.4 per cent, Indian 6.7 per cent and the remaining eleven per cent comprising other ethnic groups including non-Malaysian citizens. Each ethnic group maintains their separate ethnic identities and has continued practising their culture, behaviours and economics. It has been argued that they are relatively tolerant of each other (Guan, 2000). This factor has stabilised the country.

Since pre-independence, each ethnic group has played an important role in the development of the Malaysian economy (Guo-Sze, 2004). Chinese people in Malaysia, for example, have been in business since the nineteenth-century, particularly in tin mining, retail and wholesale trade. At the time of independence in 1957, Chinese business accounted for almost 30 per cent of the ownership shares of limited companies (Economic Planning Unit, 2000). The businesses were largely family-owned and controlled, in which family members were involved in all major aspects of business operations.

The development of both the *Bumiputera* and the Indian business communities were far behind the Chinese. Although the *Bumiputera* comprise the majority of the population, in 1957 they accounted for less than three per cent of Malaysian economic and corporate wealth (Economic Planning Unit, 2000). Furthermore, the corporate equity for the Indian community was far behind the *Bumiputera*.

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<sup>8</sup> *Bumiputera* (16,630 million), Chinese (6,256 million), Indian (1,880 million), others including non-Malaysian citizens (3,116 million) (Economic Planning Unit, 2008).

<sup>9</sup> Literally “prince of the soil” in the Malay language and consisting of Malays, native groups in Sabah, Sarawak and Peninsular Malaysia (Lim, 2007).

This issue has been continually debated, but no serious action has been taken by the Government. Hence, a huge economic gap has opened between the three ethnic groups since the pre-independence period. This means that separation of ethnic groups in Malaysia has occurred in culture, society and economics.

To increase *Bumiputera* equity in the stock market, the government has taken various measures, starting with the formation of the Rural and Industrial Development Authority in 1957, followed by the implementation of the New Economic Policy (NEP) from 1970 to 1990. The NEP and its impact on the development of the Malaysian economy and corporate sector will be discussed in the following section. To date, the government continues to push for reform in its delivery system, with the view of making the country an attractive place to invest and conduct business.

In terms of economic development, Malaysia was originally a primary producer of tin and rubber commodities. Upon the implementation of the industrialization policy in the 1980s, Malaysia's economy has moved from being agriculture-based to a more diversified economy, especially in manufacturing, automotive production and information technology. For example, in 2000 the manufacturing sector became a leading sector of the country, contributing about 33.4 per cent to the national gross domestic product (GDP) (Economic Planning Unit, 2000). In 2002, Malaysia was the world's fifth-largest exporter of semi-conductors (Economic Planning Unit, 2006a). With an average of five to eight per cent growth in GDP for the past five years, Malaysia became the second-fastest growing economy in South East Asia (Economic Planning Unit, 2007). The success of Malaysia's economic development has been influenced by several factors such as prudent monetary and fiscal policy management, supportive legal and regulatory environment and a supportive physical infrastructure and economic deregulation (Economic Planning Unit, 2008). The government continues to push for reform in its delivery system to attract local and international investors.

### 3.3 New Economic Policy and corporate ownership control

In 1971, the Malaysian government introduced the New Economic Policy (NEP). The NEP had two main objectives: to reduce poverty and inequality among different sections of the Malaysian population, and to abolish inter and intra racial concentrations of monopolistic economic power as revealed in various professions and enterprises (Economic Planning Unit, 2002). In simple terms, the NEP aimed to foster inter-ethnic economic parity and eradicate poverty by 1990 through the restructuring of the economic activity of the corporate sectors. Specifically, the government set a target that 30 per cent of corporate total assets ownership should be owned by the Bumiputera and 40 per cent by other Malaysians (Second Malaysian Plan, 1971 - 1975). The NEP was then integrated into subsequent National Development Plans now known as the Malaysia Plan. These policies introduced government intervention into the Malaysian economy. As the EPU reported:

The government will participate more directly in the establishment and operation of a wide range of productive enterprise.... Such effort by the government arises particularly from the aims of establishing new industrial activities in selected new growth areas and of creating a Malay<sup>10</sup> commercial and industrial community (Economic Planning Unit, 1971, p.81).

In the NEP, the *Bumiputera* were given a greater stake in the economy including:

- preferred share allocation schemes, whereby all Malaysian companies listing on the Kuala Lumpur Stock Exchange (KLSE) must offer at least 30 per cent of their shares to *Bumiputera*
- 20 per cent of loans offered by commercial banks were allocated to *Bumiputera*
- 30 per cent of government tenders were reserved for *Bumiputera*.

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<sup>10</sup> 160 (2) of Federal Constitution of Malaysia (the Commissioner of Law Revision, 2006) defined Malay as a person who professes the religion of Islam, habitually speaks the Malay language, conforms to Malay custom and—

(a) was before Merdeka Day born in the Federation or in Singapore or born of parents one of whom was born in the Federation or in Singapore, or is on that day domiciled in the Federation or in Singapore; or

(b) is the issue of such a person;

To expedite the achievement of 30 per cent *Bumiputera* equity, the Government established trust agencies, government corporations and government-owned or controlled companies (public and private)<sup>11</sup> to acquire corporate shares on behalf of the *Bumiputera*. These agencies usually acquire about 20 to 50 per cent of a company's equity. Consequently, *Bumiputera* equity increased from 2.4 per cent in 1970 to 19.3 per cent in 1990 and to its highest percentage of 20.6 per cent in 1995. As a result of the economic crisis in 1997/1998, their share fell to 18.9 per cent in 2004. Table 3.1 shows the percentage of ownership of share capital of limited companies in Malaysia from 1970 to 2004.

**Table 3.1: Malaysian ownership of share capital of limited companies  
1970 - 2004 (in percentages)**

Ethnic groups	1970	1990	1995	2000	2004
<i>Bumiputera</i> (individual & trust agencies)	2.4	19.3	20.6	18.9	18.9
Chinese	27.2	45.5	40.4	38.9	39.0
Indian	1.1	1.0	1.5	1.5	1.2
Foreigner	63.4	32.7	27.7	31.3	32.5
Nominee companies	6.0	7.9	8.3	8.5	8.0

Source: Ninth Malaysia Plan (Economic Planning Unit, 2007)

However, the government's effort to increase *Bumiputera* equity was not clear, because the equity that was reported does not exclusively belong to *Bumiputera* (Guan, 2002). Instead, the equity belongs to the Government under the 'trusteeship' approach (Che Ahmad, Houghton & Yusof, 2006). Thus, the percentage of *Bumiputera* equity remains under-represented.

<sup>11</sup> A number of Malaysian Government trust agencies and Government Linked Companies (GLCs) such as Khazanah Nasional, the Ministry of Finance, Permodalan Nasional Berhad, Petroleum National (Petronas), the Employees Provident Fund (EPF), Bank Negara, Kumpulan Wang Pencen, Lembaga Tabung Haji, as well as the State Economic Development Corporation became major equity shareholders, all of which were attributed to *Bumiputera* (Gomez, 2004).

Although the NEP was attempting to eliminate racial identification of any class, two arguments against the implementation of the NEP were that it has resulted in excessive political and business relationship building and uneven access to opportunities (Gomez, 1993; Gomez & Jomo, 1997; Ghosh & Abadad, 1998; Fraser, Zhang & Derasit, 2005), and that it is not primarily designed to be a policy on class relations in Malaysia (Ghosh & Abadad, 1998). As a result, at the beginning of the NEP the Chinese business community did not support this policy. Chinese entrepreneurs felt that the NEP, in particular the Industrial Co-ordination Act, was especially meant to seize their growth (Ghosh & Abadad, 1998). They were also in fear of losing their businesses, especially when the government moved into the banking, property and construction sectors, in which they had been prominent. However, although the Chinese objected to the NEP, they put up with it in order to preserve peace and stability in the country (Guan, 2000). Thus, during the implementation of the NEP, Chinese political leaders urged the Chinese business community to restructure and reform their businesses by consolidating their traditionally small family business into large listed firms (Guo-Sze, 2004).

As a result, Chinese equity ownership continued to rise during the NEP decades. It is believed that the success of Chinese business in Malaysia has relied on many factors, including their ability to adapt to the changing business environment, strong cooperation in protecting their economic interests (Gul & Tsui, 2004), and their ability to maintain low rates of profit combined with high rates of turnover to maximise their market share (Ghosh & Abadad, 1998). Thus, they were able to accumulate savings for any contingencies and for their business investment and wealth.

In addition, it has been argued that the NEP became a catalyst for the development of a new breed of *Bumiputera* capitalists (Gomez, 1993, 2007; Gomez & Jomo, 1997; Gul & Tsui, 2004; On Kit & Tan, 2007). This was seen as political patronage in which *Bumiputera* received three kinds of overlapping networking advantages from the Government, including economic, social and personal, (Fraser, Zhang & Derasit, 2005).



By the mid-1990s numerous Malaysian corporations owned by *Bumiputera*<sup>12</sup> were found to be linked to at least one powerful politician and exhibited strong political loyalty (Gul & Tsui, 2004). They were also found to have ties to powerful political agents and resulting access to business and finance (On Kit & Tan, 2007). The Heavy Industrial Corporation of Malaysia (listed as Hicom in Bursa Malaysia), formerly headed by Tan Sri Yahya Ahmad, is a good illustration of this networking (Gomez & Jomo, 1997). When Dr Mahathir Mohamed was Malaysian Prime Minister and Finance Minister in 1980, he helped Hicom personally and financially. Other companies that also acquired wealth through the government's equity redistribution exercise include: United Engineering (UEM), Rashid Hussein Bank Berhad (RHB), and Malaysian Airline and System Berhad (MAS) (Gomez, 1993).

Despite obtaining various projects from the Government, researchers have provided some insights, which demonstrate that the politically-connected companies in Malaysia were not performing well. For example, Johnson and Milton (2003) and Fraser et al. (2005) revealed that Malaysian firms that had political patronage carried more debt. In addition, from a study of 84 Malaysian listed firms, Mohamed et al. (2007) discovered that politically-connected firms had significantly negative performance as measured by return on assets and Tobin's Q. Indeed, these conglomerates, were severely affected by the 1997/1998 financial crisis, partly due to their high leverage from both domestic and foreign banks (Centre for Policy Initiatives, 2007).

Furthermore, it was argued that the NEP has led to a disproportionate influence by political people in the Malay-owned companies (Singham, 2003). These political contacts have been especially involved in obtaining government projects and have contributed to the limited accountability and transparency among these

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<sup>12</sup> A number of *Bumiputera* such as Halim Saad (Renong), Tajuddin Ramli (Malaysian Airlines), Yahya Ahmad (Hicom) and Rashid Hussein (RHB Bank) were also privy to government concessions (Centre for Policy Initiatives, 2007).

companies (Gomez, 2004). Thus, corporate transparency and accountability seems to be limited, partly due to political involvement in economic development.

Based on the above arguments, it was reported that business ventures in Malaysia appear to be politically speculative rather than economically rational and productive (The World Bank, 1999). Therefore, corporate governance development in Malaysia appears to be encouraged less (Sien, 1992). Furthermore, it was argued that the NEP also created unnecessary impediments for companies and investors (Guan, 2000). For example, the 30 per cent preferred share allocation schemes for *Bumiputera* has restricted the ability of companies to raise capital and, therefore, deters investment in the country (Centre for Policy Initiatives, 2007). Thus, the aim of the NEP to promote *Bumiputera* business has not been successful. It seems that the NEP, which was seen as a catalyst for economic development for the *Bumiputera*, has not been realised. In turn, it has led to weak corporate governance and economic development in Malaysia.

### **3.4 Liberalisation of equity holdings in capital market**

To overcome the above problems, as well as part of the continuous effort to expand the economy and to encourage more foreign direct investment into the country, on 30 June 2009 the Malaysian Government announced the liberalisation of equity holdings in the capital market. It is intended to enhance the attractiveness of the local market for foreign participants and at the same time provides a platform for greater competition and wider choice of intermediation services.

The Government also announced new comprehensive investment guidelines administered by the Foreign Investment Committee (FIC). One important part of the new FIC guideline is that all transactions on the acquisition of interests, mergers and takeovers by local/foreign interests no longer require approval of the FIC (Economic Planning Unit, 2009). In the new guideline, the Government has agreed to abolish the requirement to have a direct 30 per cent *Bumiputera* equity upon flotation as imposed by the Securities Commission. Instead, in the new

requirement 50 per cent of the 25 per cent public spread to be issued should be allocated to *Bumiputera* investors that are recognised by the Ministry of International Trade and Industry (Economic Planning Unit, 2009). Furthermore, the deregulation of FIC rules is seen as a bold move on the part of the new administration to tweak and adapt the 40-year old NEP requirements and instruments. However, the spirit of NEP to restructure society remains with the counter-supporting measures, i.e. the 50 percent *Bumiputera* for public spread, as well as the establishment of Ekuiti Nasional Bhd (Ekuinas).

Ekuinas is established to facilitate mergers and acquisitions involving *Bumiputera*-owned companies and other local and foreign entities with a ready customer base. The principle of Ekuinas, therefore, is to make the cake bigger for everyone, and to achieve genuine partnerships between the *Bumiputera* and non-*Bumiputera* in Malaysia.

It is hoped that this liberalization will create a more conducive market environment as well as one that is investor-friendly, so that Malaysia can compete at the international level.

### **3.5 Brief History of Malaysian Public Listed Companies (PLCs)**

The history of Malaysian PLCs can be traced from the development of the Malaysian capital market in the 1870s (Securities Commission of Malaysia, 2004). In earlier days, the share markets traded shares in the plantation and mining industry of British companies such as Guthrie & Co Ltd, Fraser & Co. Ltd (1873), Malakoff Plantation Co Ltd (1873), Inch Rubber Ltd (1902) and Sime Darby & Co Ltd (1910). These companies also listed their shares on the London Stock Exchange. On 23 June 1930, the Singapore Stockbrokers' Association, the first formal organisation in the securities business in Malaysia and Singapore, was established. In 1938, the association was registered as the Malayan Stockbrokers Association, however, it did not provide a platform for trading of shares. Until the independence of Malaysia in 1957, the association prices were published in the

Straits Times Press, as a daily price quotation section involving over 90 companies listed on the Kuala Lumpur Share Market (Securities Commission of Malaysia, 2004). By then, there were 17 stockbrokers operating in Kuala Lumpur, Singapore, Penang and Ipoh.

On 9 May 1960, the Malayan Stock Exchange was set up to cater for the growth of commodities trading in Malaysia. Following the secession of Singapore from Malaysia in 1965, the exchange was renamed the Stock Exchange of Malaysia and Singapore (SEMS). With the termination of currency interchangeability between Malaysia and Singapore in 1973, the SEMS was separated into two: the Kuala Lumpur Stock Exchange Berhad (KLSEB) and the Stock Exchange of Singapore (SES). In December 1976, the Kuala Lumpur Stock Exchange (KLSE) was incorporated as a company limited by guarantee, to take over the operations of the KLSEB. However, Malaysian companies continued to be listed on SES and vice versa. In 1985, 183 of the 315 companies listed on the SES were Malaysian companies, which made up almost 60 per cent of the SES's total market capitalisation (Securities Commission of Malaysia, 2004). In January 1990, the KLSE became independent from the Singapore Stock Exchange. Following demutualisation, on 14 April 2004, the KLSE was renamed Bursa Malaysia Berhad. The purpose was to enhance the Malaysian stock exchange's position in response to global trends by making the Malaysian stock exchange more customer-driven and market-oriented (Bursa Malaysia, 2008d). On 18 March 2005, Bursa Malaysia Berhad was listed on the Main Board of KLSE.

To date, the number of Malaysian PLCs have grown rapidly from 285 in 1990 to 1,021 at the end of 2007 (see Table 3.2). At the same time, market capitalisation of the KLSE rose from RM156 billion in 1989 to RM640.3 billion in 2003 (Economic Planning Unit, 2006) and increased to RM1,074,471,052 billion in 2007 (Bursa Malaysia, 2008a). By 2004, the Malaysian stock market had become the largest stock market in the ASEAN region (Securities Commission of Malaysia, 2004).

**Table 3.2: Growth of Malaysian listed firms from 1990 to 2007**

<b>Year</b>	<b>Main Board</b>	<b>Second Board</b>	<b>Mesdaq Market</b>	<b>Total</b>
2007	648	245	130	1021
2006	649	250	128	1027
2005	644	269	98	1011
2004	622	278	63	963
2003	598	276	32	906
2002	562	294	12	868
2001	520	292		812
2000	498	297		795
1999	474	283		757
1998	454	282		736
1997	444	264		708
1996	413	208		621
1995	369	160		529
1994	347	131		478
1993	329	84		413
1992	317	52		369
1991	292	32		324
1990	271	14		285

Source: Bursa Malaysia (2007a)

### **3.6 Concentration of ownership in Malaysia**

It was argued that the business ownership structure is endogenous to the firm (Banks, 2004). In the case of Malaysia, many studies found that Malaysian companies have a high concentration of ownership (the World Bank, 1999; Claessens, Djankov & Lang, 2000; Claessens & Fan, 2002; Abdul Samad, 2002; Cheung & Chan, 2004; Guo-Sze, 2004). This means one investor (institutional, individual or company) holds 20 per cent of the controlling votes, and no other shareholder has control of at least ten per cent of the votes through a control chain

that does not overlap with at least ten per cent of the controlling shareholder (La Porta, Lopez-de-Silanes & Shleifer, 1999).

In an early study, the World Bank (1998b) found that at the cut-off of 50 per cent of Kuala Lumpur Stock Exchange (KLSE) companies in 1998; 67.2 per cent of the companies' shares were in the families' hands;<sup>13</sup> 37.4 per cent had only one dominant shareholder; 13.4 per cent were state-controlled; and 85 per cent of the public listed companies had owner-managers in which the CEO, the chairman or vice-chairman position had been filled by members of the controlling family or a nominee. Similarly, in a later survey, Cleassens et al. (2000) discovered that more than two-thirds of Malaysian firms were controlled by a single shareholder, and in 60 per cent of firms, the top management was related to the family of the controlling shareholders. In another study of 731 Malaysian listed companies, Abdul Samad (2002) revealed that 71.4 per cent of these companies were under majority ownership and controlled by the five largest shareholders. In a more recent study, On Kit and Tan (2007) discovered that the average shareholdings owned by the largest shareholder of the top 150 Malaysian companies was 43 per cent.

Similarly, in this study it was found that the majority of the top 100 Malaysian PLCs had one dominant shareholder, whether individual or an agency. The largest shareholders in this study owned between 6.85 per cent and 99.16 per cent of a company's issued capital. The lowest percentage (6.85%) of the issued capital was owned by Goldman Sachs International, while the highest percentage (99.16%) of the issued capital was owned by Excell Step Investment Limited on behalf of Tan Sri William Cheng, the chairman/CEO of Parkson Berhad. The average issued capital found in this study was 43.30 per cent.

More than 50 per cent of the top 100 Malaysian PLCs have one dominant shareholder, who owns more than 30 per cent of the issued capital of a company

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<sup>13</sup> Refers to "family-owned companies" meaning private limited companies where the person has an interest or interests in voting shares of the companies, the aggregate of the nominal amounts of which is not less than 20 per cent of the nominal amounts of all the voting shares in the company (Section 6A of the Companies Act 1965, 2007).

(see Table 3.3). This result implies that ownership concentration continues to exist in Malaysia.

**Table 3.3: Range of percentage of shares owned by largest shareholders of top 100 Malaysian PLCs**

Range of percentage of shares	Frequency	Percentage
Less than 10 per cent	2	2
11 to 20 per cent	15	15
21 to 30 per cent	16	16
31 to 40 per cent	20	20
41 to 50 per cent	17	17
51 to 60 per cent	15	15
61 to 70 per cent	9	9
71 to 80 per cent	3	3
81 to 90 per cent	2	2
more than 91 per cent	1	1
Total	100	100

Note: Data drawn from 2007 annual reports of the top 100 Malaysian PLCs, available at: <http://www.bursamalaysia.com>

Concerning types of shareholders, in this study both the government and the Chinese<sup>14</sup> (individual or their proxies) were found to be the two dominant shareholders of the top 100 Malaysian PLCs. For example, based on an analysis of the top 20 companies' shareholders in this study (see Table 3.4), the government, via its agencies (e.g. Khazanah Nasional Berhad, Employees Provident Fund (EPF) and Amanah Raya Nominee), is the major shareholder of nine companies (Sime Darby, Maybank, Tenaga Nasional, Telekom Malaysia, Bumiputera Commence Holdings, MISC, Petronas Gas, Plus Expressway and RHB Capital).

<sup>14</sup> In this study the Chinese include Malaysian Chinese businessmen, who are Malaysian citizens.

**Table 3.4: Three largest shareholders of top 20 companies**

Rank	Company name	Market capitalisation (RM 000)	Largest shareholders		
			1	2	3
1	Sime Darby	71,509,598	Amanah Raya Nominee (32.45%)	EPF (14.70%)	Permodalan Nasional Berhad (7.8%)
2	IOI Corporation	47,008,792	Progressive Holdings Sdn. Bhd (39.27%)	EPF (8.44%)	JP Morgan Chase Bank USA (3.49%)
3	Maybank	44,822,123	Amanah Raya Nominee (40.97%)	EPF (8.33%)	Permodalan Nasional Berhad (7.77%)
4	Tenaga Nasional	41,594,001	Khazanah Nasional Berhad (37.77%)	EPF Provident Fund (9.90%)	Amanah Raya Nominee (7.82%)
5	Public Bank	38,807,805	Tan Sri The Hong Piow (24.11%)	EPF (9.78%)	Consolidated Holdings Berhad (7.32%)
6	Telekom Malaysia	38,525,878	Khazanah Nasional Berhad (37.14%)	EPF (8.75%)	Amanah Raya Nominee (7.23%)
7	Commerce Holding	37,115,997	Khazanah Nasional Berhad (22.07%)	EPF (9.32%)	JP Morgan Chase Bank USA (4.92%)
8	MISC	37,435,711	Khazanah Nasional Berhad (37.77%)	EPF (9.90%)	Amanah Raya Nominee (7.82%)
9	Genting	29,258,091	Kien Huat Reality Sdn. Bhd (32.22%)	Golden Hope Limited (3.80%)	Harbor International Fund (3.75%)
10	Resorts World	22,719,758	Genting Berhad (48.37%)	Harbor International Fund (1.80%)	JP Morgan Chase Bank USA (1.75%)
11	Petronas Gas Berhad	21,172,431	Petroleum Nasional Berhad (70.73%)	Kumpulan Wang Persaraan (14.83%)	EPF (9.90%)
12	Digi Com	18,700,000	Telenor Asia Pte Ltd (50.80%)	Haikal Pasti Sdn. Bhd (7.70%)	EPF (5.77%)
13	KL Kepong	18,574,582	Batu Kawan Berhad (45.75%)	EPF (7.71%)	FELDA (4.40%)
14	PLUS Expressway	17,400,000	UEM Group Berhad (40.21%)	Khazanah Nasional Berhad (15.02%)	EPF (7.71%)
15	YTL Power	14,475,707	YTL Corporation Berhad (81.90%)	Tenaga Nasional Berhad (5.78%)	Khazanah Nasional Berhad (4.18%)
16	MMC Corporation	14,159,522	CIMB Group Nominee (Terminal Johore Sdn. Bhd) (17.21%)	Amanah Raya Nominee (17.51%)	Seaport (Johore) Sdn. Bhd (9.98%)
17	YTL Corporation	13,103,712	Yeoh Tiong & Sons Holdings Sdn. Bhd (47.04%)	EPF (9.47%)	Deutsche Bank Singapore (3.57%)
18	PBB Group	13,040,499	Kuok Brother Sdn. Bhd (41.94%)	Kerry Group Limits (7.74%)	Kerry Holdings Limited (7.74%)
19	RHB Capital Berhad	12,597,827	EPF (81.55%)	GMO Emerging Market Fund (2.45%)	Amanah Raya Nominee (1.47%)
20	British American Tobacco (M)	11,778,113	British American Tobacco Holdings (M) 50.0%)	Amanah Raya Nominee (8.47%)	EPF (4.02%)

Note: Data drawn from 2007 annual reports of top 100 Malaysian PLCs, available at:  
<http://www.bursamalaysia.com>



Chinese shareholders (individual or their proxies) were the major shareholders of eight companies (IOI Corporation, Public Bank, Genting, Resort World, KL Kepong, YTL Corporation, YTL Power and PBB Berhad). Only two companies, Digi Com Berhad, and British American Tobacco (M) Berhad (BAT), were owned by foreign shareholders. These results indicate that the government and the Chinese (individual or their proxies) are the two major shareholders of Malaysian PLCs, but their ownerships are restricted to local companies. Further information about the three largest shareholders of the top 100 Malaysian PLCs included in this study is exhibited in Appendix A.

These results indicate that concentration of ownership is a common feature in Malaysia. They also reflect that investors' portfolios of the Malaysian firms are not diversified (Guo-Sze, 2004). This implies that the dispersion of ownership that has arisen in developed countries does not apply fully to the Malaysian setting. As the World Bank (1999) concluded:

The concentration of shareholders in Malaysia implies that there is no market for corporate control. Thus, there is little or no role for hostile takeover to play a disciplinary role on insiders that are not working towards the maximization of shareholders' values. (The World Bank, 1999, p.8)

Shleifer and Vishny (1997) claimed that concentration of ownership is relatively higher in less developed countries. This pattern contributes to poor corporate governance such as weak legal systems, poor law and corruption (Claessens & Fan, 2002), lack of uniform accounting standards, and poor disclosure of information (Cheung & Chan, 2004). Therefore, a large shareholder in Malaysia can enforce direct interest in a company, relying on relatively simple legal interventions. As Thillainathan (1999) argued:

There are many public listed companies in Malaysia and elsewhere in Asia that are family-dominated. The concentration of shareholders in public companies has been attributed to weakness in shareholders' rights or the poor enforcement of these rights (p. 14).

For example, the large shareholders may use their positions to extract private benefits including paying themselves special dividends (La Porta et al., 1999; Claessens & Fan, 2002), committing the company to a disadvantaged business relationship with other companies over which they have control (Singham, 2003), and appointing directors who have similar outlooks to protect their interests (Gomez, 2005; On Kit & Tan, 2007). For instance, a study by Tan and Sendjaya (2007) found that about 30 per cent of non-executive independent directors of the largest listed firms in Malaysia were appointed through their existing network with the CEO and the largest shareholders. Therefore, it is unlikely that they can provide an adequate degree of monitoring because they feel obligated to comply with the demand of the shareholders (Cheung & Chan, 2004).

However, empirical studies on the concentration of ownership in Malaysia were inconclusive. Two studies, by Dogan and Smyth (2001), and Chan (2004), revealed that concentration of ownership in Malaysia had no link to the firms' financial performance. Haniffa and Hudaib (2006), however, revealed that concentration of ownership had resulted in high-standard accounting systems. Gomez (2005) claimed that the main reason was that the dominant shareholders (who were also the owners) were trying to generate their future wealth. Nevertheless, On Kit and Tan (2007) revealed that concentration of ownership structure among Malaysian firms had not been diluted, despite the rapid growth of the Malaysian economy. It was implied that the impact of ownership concentration on firm performance in Malaysia is unclear. Perhaps one of the reasons is because the contribution of concentration ownership on the performance of Malaysian firms is still poorly understood (Guo-Sze, 2004), rather, it is only recognised as an alternative to the dispersed ownership structure. Thus, it is arguable whether problems attributed to the concentration of ownership influence Malaysian corporate governance.

### **3.6.1 The Government-Linked companies**

A number of scholars have commented that the Malaysian government is the main controller of the development of Malaysian corporations (Gomez & Jomo, 1997; Thillanaithan, 1999; Singham, 2003; Gomez, 2004). This is particularly evident in privatised entities through the government-linked companies (GLCs). Malaysia is the second country in the world, after Singapore, to have the highest number of government-controlled listed companies (Claessens et al., 1999). However, unlike other companies that focus on maximising profit, the government or state-owned firms also had to give consideration to their performance outcome, which reflects perceived public good (Ingley & Walt, 2003).

In Malaysia, GLCs are defined as companies where the Malaysian government has the main controlling stake (Khazanah Nasional, 2005). A controlling stake refers to the government's control not just over the percentage of ownership, but also in the appointment of board members and senior management, and/or making major decisions (e.g. contract awards, strategy, restructuring and financing, and acquisitions and divestments) (Khazanah Nasional, 2006).

There are three types of Malaysian GLCs. The first type is where the government of Malaysia exercises control directly through Khazanah Nasional Berhad, the National Pension Fund and Bank Negara Malaysia. The second type is when the companies are controlled by the government indirectly through other federal government-linked agencies such as Permodalan Nasional Berhad, the Employees Provident Fund, and Tabung Haji. The third type consists of companies that are controlled by the government through state agencies.

In 2007, the Malaysian government oversaw 39 listed GLCs that accounted for about 36 per cent of the total market capitalisation of the KLSE (Khazanah Nasional Berhad, 2007). A review of the top 10 Malaysian listed companies on 31

December 2007, based on market capitalisation, indicated that the government controlled six of these companies.<sup>15</sup>

**Table 3.5: Malaysian Top 10 Listed Companies**

Rank	Company	Industry	Market capitalisation (RM 000)	Major shareholders
1	Sime Darby Berhad	Trading & services	71,509,598	Government
2	IOI Corporation Berhad	Plantation	47,008,692	Progressive Holdings Sdn. Bhd
3	Maybank Berhad	Finance	44,822,123	Government
4	Tenaga Nasional	Trading & services	41,594,001	Government
5	Public Bank Berhad	Finance	38,806,805	Individual
6	Telekom Malaysia	Trading & services	38,525,868	Government
7	Bumiputera Commerce Asset Holdings Berhad	Finance	37,115,996	Government
8	MISC Berhad	Trading & services	36,435,711	Government
9	Genting Berhad	Trading & services	29,258,091	Kien Huat Reality Sdn. Bhd
10	Resorts World Berhad	Trading & services	22,619,658	Genting Berhad

Note: Data drawn from 2007 annual report of respective companies, available at <http://www.bursamalaysia.com.my>

In terms of financial performance, Ab Razak, Ahmad and Aliahmed (2008) found that of 210 firms listed on Bursa Malaysia, the GLCs' performance in terms of market capitalisation and accounting performance were better than the non-GLCs. As the government is a major shareholder of the GLCs, it has made a very high commitment to enhancing the performance of the GLCs. In a recent development, the government introduced various mechanisms to ensure that the GLCs have high financial performance. For example, the government has taken great pains to nominate candidates to be appointed as board members and members of top management of the GLCs. Often this process is rigorously observed and executed through proper channels (Khazanah Nasional, 2006). The government believes that

<sup>15</sup> Through a number of trust agencies such as Khazanah Nasional, the Ministry of Finance, Permodalan Nasional Berhad, Petroleum National (Petronas), the Employees Provident Fund (EPF), Bank Negara, Kumpulan Wang Pencen and Lembaga Tabung Haji.

any improvement in the effectiveness or performance of the GLCs will bring benefits not only to the government, but also to the wealth of the nation.

### **3.7 Corporate governance development in Malaysia**

Malaysian corporate governance development can be traced from prior to the Asian financial crisis in 1997/1998. In Malaysia, the crisis first began with a fall in the Malaysian ringgit's value and continued to drop in the stock prices of listed firms. Between July 1997 and January 1998, the Malaysian ringgit depreciated almost 50 per cent, from around RM2.5 to the lowest point of RM4.88 against the US dollar. The composite index of KLSE dropped almost 72 per cent from 1,271 points in February 1997 to 262 points in August 1998 (Bank Negara Malaysia, 1999). This resulted in many bankruptcies and financial distress for many listed firms on the KLSE (Mohamed et al., 2007).

A number of factors have been associated with the financial crisis in Asia. One school of thought attributed the crisis to poor corporate governance, including weak domestic policy, ineffective boards of directors, weak internal control, poor audits, lack of inadequate disclosure and legal enforcement characteristics in corporate governance (Claessens & Djankov, 1999; Mitton, 2002; Liew, 2006). As the World Bank (1998a) argued:

Corporate governance (in East Asian countries) is characterized by ineffective boards of directors, weak internal control, unreliable financial reports, lack of adequate disclosure, tax enforcement to ensure compliance and poor audits. These problems are evidenced by unreported losses and understated liabilities (pp. 67- 68).

The Asian financial crisis also exposed a number of poor corporate governance practices in Malaysia including absence of independent directors lack of impartial audit committees and independent auditors in overseeing and disciplining corporate misbehaviour (Liew, 2006), lack of transparency, financial disclosure and accountability (Mitton, 2002), and poor legal protection of minority investors against expropriation by corporate insiders (Claessens & Djankov, 1999).

Furthermore, significant dominance and participation of major shareholders in company management in Malaysia have allowed some of them to act in their own interests, leading to corporate misbehaviour (Khoo, 2003). This has adversely affected the performance of Malaysian PLCs, leading to a number of Malaysian companies having higher leverage and a higher proportion of short-term debts (Claessens, Djankov & Xu, 2000), and financial distress (Abdullah, 2006b). In effect, a number of corporate collapses occurred such as Perwaja Steel, Berhad, Renong Berhad and KFC Holding Berhad, due partly to the lack of effective corporate governance mechanisms (Haniffa & Hudaib, 2006). This implies that poor corporate governance also contributed to the financial crisis in Malaysia.

However, the financial crisis has provided added momentum to corporate governance reforms in Malaysia. For example, Malaysia needs to improve its standard of corporate governance for the growth of capital markets (Kasipillai, 2005). A study by Teng, Seetharaman and Ching (2003) revealed that 78 per cent of institutional investors in Malaysia are in favour of the improvement of existing rules and regulations to enhance corporate governance in Malaysia further; in particular, to act in the interests of shareholders (Gul & Tsui, 2004). In addition, based on interviews with Malaysian corporate practitioners, Liew (2006) concluded that Malaysian companies and the country in general, had strived to reform corporate governance in response to negative publicity and criticism from the international community in the aftermath of the 1997/1998 Asian crisis. This was addressed by former Malaysian Primer Minister, Dato' Seri Abdullah Ahmad Badawi during a corporate directors' banquet:

The widespread practice of good values would also contribute to strengthen Malaysian branding in a global market. As we all know, the enhancement of the Malaysian brand cannot be achieved by financial expenditure alone but by continuously displaying virtuous values in our conduct of social and business activities (Abdullah, 2005).<sup>16</sup>

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<sup>16</sup> Full speech is available at <http://www.mid.org.my/>

It was argued that awareness of corporate governance in Malaysia only became stronger following the 1997/1998 financial crisis (Abdullah, 2006). The significant impact of the crisis on the nation has forced the Malaysian government, together with various authorities such as the Central Bank of Malaysia (BNM), the Securities Commission (SC) and Bursa Malaysia, to introduce a number of reforms. These include checking corporate abuse by controlling shareholders in relation to related party transactions, taking steps to achieve greater transparency of ownership, and introducing measures to enhance and raise standards of disclosure and protect creditors. Hence, On Kit and Tan (2007) claimed that Malaysia is the forerunner in developing and promoting a comprehensive corporate governance system in comparison with its neighbouring countries.

On 24 March 1998, the Malaysian government took a major step by establishing the Finance Committee on Corporate Governance (FCCG). The FCCG focused on three principal areas, namely:

- i. the creation and development of the Malaysian Code on Corporate Governance (MCCG), which identifies a framework for best practices in corporate governance (Brief information on MCCG is provided in the following section of this chapter);
- ii. the reform of laws and regulations and rules with the aim of enhancing the regulatory framework for all public listed companies; and
- iii. the training and education of directors and future directors.

Since then, the development of Malaysian corporate governance has progressed steadily and on an ongoing basis. Table 3.6 provides a chronological account of corporate governance initiatives in Malaysia after the financial crisis of 1997/1998.

The success of Malaysian corporate governance reforms was reflected in a survey conducted by PricewaterhouseCoopers and the Kuala Lumpur Stock Exchange (KLSE) in 2002. The survey concluded that Malaysian corporate governance standards have improved since the issue of the MCCG in 2000. In a recent survey, the Malaysian corporate governance score was 77.3 per cent, which is higher than

several other Asian countries<sup>17</sup> and comparable to other developed countries such as Singapore, Hong Kong and Australia (McGee, 2008).

**Table 3.6: Chronological account of corporate governance initiatives in Malaysia**

Year	Initiatives
1997	Establishment of the Financial Reporting Act 1997 Establishment of the Malaysian Accounting Standards Board (MASB)
1998	Establishment of the National Economic Action Council (NEAC) KLSE & PricewaterhouseCoopers first joint survey on corporate governance in Malaysia Establishment of High Level Finance Committee on Corporate Governance Establishment of Malaysian Institute of Corporate Governance Amendments to Securities Act 1983 to enhance SC powers
1999	Amendments to Companies Act 1965 to mandate compliance with Approval Accounting Standards. Section 166A Establishment of capital market master plan
2000	Directors required to make statutory declaration regarding compliance with approval accounting standards, Section 169(15) Issue of the Malaysian Code on Corporate Governance Establishment of Minority Shareholders Watchdog Group
2001	Revamp of KLSE Listing Requirement (1993) Education and training of directors pursuant to Bursa Malaysia's Listing Requirements Establishment of Financial sector master plan.
2005	Guidelines on corporate governance for licensed institutions issued by Bank Negara Malaysia
2007	Amendments of Malaysian Code on Corporate Governance
2007	Amendments of Companies Act 1965. Sec 167A, Act 125 outline board of directors of a listed company or a subsidiary must set-up a system of internal control to ensure that the company does not suffer from any loss.

Source: Securities Commission (2007), Malaysian Institute of Corporate Governance (2007), Bursa Malaysia (2007b)

<sup>17</sup> The score was out of 100 per cent. Other countries' scores were: India 83.6 per cent, Korea 76.4 per cent, Pakistan 75.5 per cent, Thailand 72.7 per cent, Philippines 64.5 per cent, Indonesia 60 per cent and Vietnam 50.1 per cent (McGee, 2008).



Despite these achievements, Liew (2006) argued that the promotion of corporate governance reform in Malaysia has not been providing solutions or targeting specific local problems in the country. A study of the top 50 Malaysian public companies conducted by Standard and Poor (2004) shows that only five companies have better disclosure of their overall corporate governance practices since the standards were introduced. In addition, the Asian Development Bank (2004) reported that after five years of the promotion of Malaysian corporate governance, there is not much improvement in Malaysian Foreign Direct Investment (FDI).<sup>18</sup> These findings could be due to two reasons: (1) Malaysian PLCs are still lagging behind in complying with the recommendation of best practices (Minority Shareholders Watchdog Group (MSWG) & University of Nottingham, 2006) or (2) they are still at an early stage in appreciating corporate governance (Arif et al., 2007). Some companies, especially family-owned firms, face certain challenges such as a readiness to adopt the best-practice culture, and regard the push for corporate governance as a threat to their entrepreneurial drive and spirit (PricewaterhouseCoopers & KLSE, 2002). Nevertheless, Arif et al. (2007) asserted that Malaysian firms have just started to put extra effort into their corporate governance and this trend is expected to continue in the foreseeable future. It implies that the implementation of the corporate governance system that was used as a solution to the Malaysian financial crisis was not fully achieved.

## **3.8 Malaysian corporate governance framework**

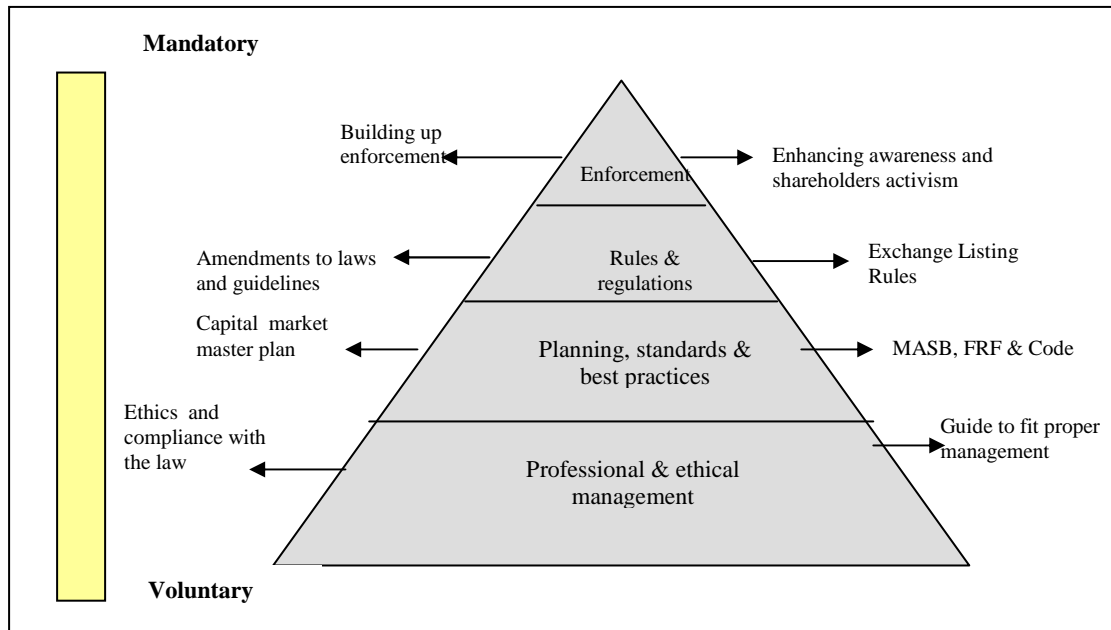
### **3.8.1 Introduction**

The Malaysian corporate governance framework is premised on a broad-based approach (Figure 3.1), which takes into account the fundamental considerations that are needed for effective governance. These include: professional and ethical management; planning; standards and best practices; amendments to laws and guidelines; development of a code of conduct; implementing awareness programmes; and enforcement (Securities Commission of Malaysia, 2004). At the foundation of the framework is the professional and ethical management of

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<sup>18</sup> In 1997, Malaysian FDI as a percentage of gross domestic product (GDP) was more than 30 per cent, and it decreased over the year after the crisis and was just seven per cent in 2003 (Asian Development Bank (ADB), 2004).

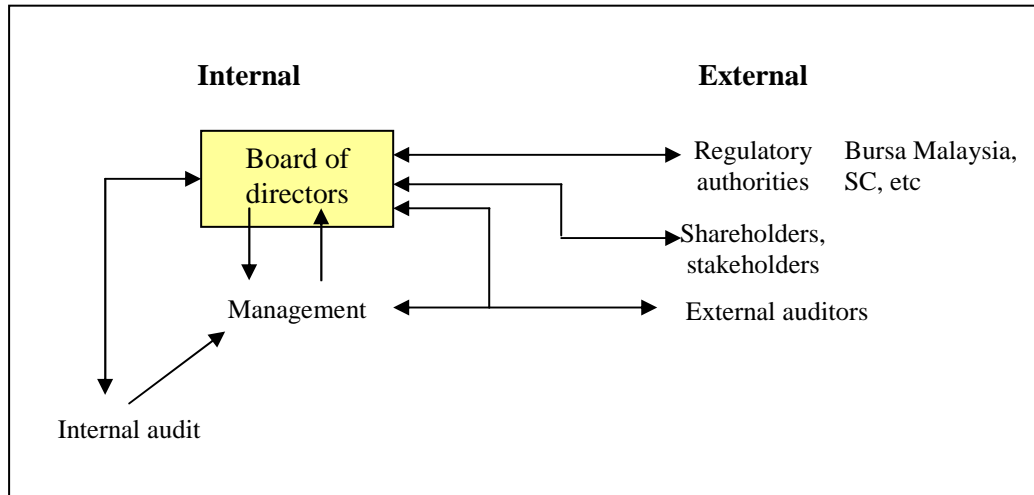
companies. This issue is very important because it is the first line of defence against corporate misconduct (Anwar & Tang, 2003). In addition, there are also rules and regulations enforced by relevant regulatory agencies to ensure a high standard of corporate governance in Malaysia.



**Figure 3.1: Holistic approach of the Malaysian corporate governance framework**

Source: Securities Commission of Malaysia (2004, p. 175)

The Malaysian corporate governance framework is derived from a report on corporate governance compiled by the FCCG. The framework can be divided into internal and external perspectives (see Figure 3.2). The internal perspective often relies on the effectiveness of the board of directors as the primary internal mechanism to protect the firm (Kulasingham, 2002). The board is to provide reasonable assurance of the company regarding the achievement of objectives in various forms including the effectiveness and efficiency of operations, reliability of financial reporting, safeguarding of assets, and compliance with applicable laws and regulations (Thomas, 2002). The external perspective on the other hand relies on various bodies, regulations and standards.



**Figure 3.2: Principal players in corporate governance of Malaysia**

Source: Kulasingham (2002, p.6)

### 3.8.2 Boards of directors in Malaysia

The history of boards of directors in Malaysia can be traced as far back as 1965 when Malaysia introduced its own Companies Act. The Malaysian Companies Act covers issues involving corporate structure, disclosure requirements, the duties and responsibilities of the board of directors and officers, including auditors and company secretaries, as well as the reporting and compliance requirements. In relation to the role and responsibilities of the board, the MCCG has identified that the main duty of the boards of directors of Malaysian PLCs is to maintain a sound system of internal controls to safeguard shareholders' investments and the company's performance.

The recommendation in the MCCG is aimed at improving board composition and increasing the efficiency and accountability of the boards to ensure that decision-making is independent. Hence, it is recommended that a company has a well-balanced and effective board of directors. The definition of a well-balanced board, however, is arguable. Some authors have viewed a well-balanced board as referring to the characteristics of individual board members, including their functional backgrounds and knowledge and skills (Forbes & Milliken, 1999; Berghe & Levrau, 2007b). On the other hand, the Cadbury Report (1992) defined

a balanced board as a combination of executive directors, with their intimate knowledge of business, and independent directors who can bring broader views to the company. Boards of directors' issues in Malaysia will be discussed further in section 3.9.

### **3.8.3 Malaysian corporate governance regulatory bodies**

Several government agencies under the administration of three ministries act as corporate governance regulators in Malaysia. They comprise:

- i. Ministry of Trade and Consumer Affairs, which oversees the Companies Commission of Malaysia (CCM); the CCM is responsible for the administration of the Companies Act 1965.
- ii. Ministry of Finance, which oversees the Securities Commission (SC) and the Central Bank of Malaysia (BNM). The SC is responsible for the administration of the Securities Commission Act 1993, Futures Industry Act 1995 and Security Industry Act 1983, while the BNM is responsible for the administration of Banking and Financial Institutions Act 1989.
- iii. Ministry of Trade and Industry (MITI), which is responsible for the Industrial Co-ordination Act (ICA) 1975. It gives approval for the issuance of securities by manufacturing companies.

This implies that there is no single regulatory body that has full power of overall corporate governance in Malaysia. Nevertheless, four regulatory bodies that have played significant roles as enforcers for good corporate governance include the Securities Commission (SC), Bursa Malaysia (formerly known as the KLSE), the Company Commission of Malaysia (CCM) and the Central Bank of Malaysia (BNM). The main functions of these regulatory bodies are summarised in Table 3.7.

**Table 3.7: Malaysian corporate governance regulatory bodies and institutions**

Regulatory bodies	Main function
CCM	Is responsible for the administration and enforcement of the following legislation: <ul style="list-style-type: none"> <li>• Companies Act 1965 (Act 125);</li> <li>• Registration of Businesses Act 1956 (Act 197);</li> <li>• Trust Companies Act 1949 (Act 100);</li> <li>• Kootu Funds (Prohibition) Act 1971 (Act 28);</li> <li>• Any subsidiary legislation made under the Acts specified above such as Companies Regulations 1966 and registration of Businesses Rules 1957.</li> <li>• Administer of CLRC.</li> </ul>
SC	Main regulator of the securities and capital market Ensure enforcement of securities and future laws Licence, regulate and supervise market institutions and licensed intermediaries Encourage and promote the development of the capital market
Bursa Malaysia	Front-line monitoring of the compliance of public-listed companies including their reporting requirements, market trading activity, public complaints and other matters related to listing requirements including compliance with the Malaysian Code on Corporate Governance
BNM	Regulate and supervise financial institutions who are exempt dealers under the Securities Investment Act (SIA)

Note: CCM (Company Commission of Malaysia), SC (Securities Commission),  
BNM (Bank Negara Malaysia,)

Despite having a well-established regulatory framework, an Asian Development Bank study (1998) criticised many omissions and loopholes in the legislation in Malaysia. Further, the World Bank (2005a) reported that one of the key weaknesses in Malaysian corporate governance development was the overlapping authority and ambiguous accountability of the regulatory institutions. The overlapping roles occur because there has never been a systematic and coherent revision of the overlaps, conflict and duplication of roles (Companies

Commission of Malaysia, 2004). This has led to weakness in its enforcement in the Malaysian corporate governance regulatory system (Khoo, 2003).

Furthermore, the World Bank (2005a) argued that none of these agencies has absolute power to regulate all matters pertaining to corporate governance. The CCM, although it is the ultimate agency to regulate the Companies Act 1965, has no authority to institute civil actions on behalf of shareholders who have suffered loss or damage as a result of a company's violations (Thillainathan, 1999). Thus, the CCM has been perceived to be ineffective in safeguarding the victims of such violations (Yeoh & Fariza, 2006). On the other hand, since the SC reports to the Ministry of Finance, the close ties between the SC and the Ministry of Finance raises the question of whether the SC is a truly independent regulatory body consistent with international good practices (the World Bank, 2005a). As a consequence, the insolvency procedures are, in general, slow, ineffective and costly (Singham, 2003). Perhaps this is because different ministries, which carry out different functions and regulate different acts, have controlled Malaysian corporate governance.

To enhance regulatory and enforcement activities in Malaysia, on 17 December 2003, the CCM initiated the establishment of a Corporate Law Reform Committee (CLRC) to undertake a review of Malaysian legislation, statutory policies and standards, in order to maintain and enhance the viability of doing business in Malaysia. The CLRC has undertaken a holistic approach in reviewing the various Malaysian company laws to facilitate the current environment (especially the impact of new technologies). The review also covered the current enforcement and investigatory powers of the regulatory authorities, in relation to the appropriate mix of legal and self-regulatory rules to secure compliance (Companies Commission of Malaysia, 2004).

In short, although there are some weaknesses in the corporate governance regulatory framework in Malaysia, various initiatives have been undertaken to improve such weaknesses.

### **3.8.4 Development of corporate governance institutions and associations**

In addition to the establishment of the regulatory framework, the establishment of the Malaysian Institute on Corporate Governance (MICG) and the Minority Shareholder Watchdog Group (MSWG) has also strengthened the Malaysian corporate governance system. The MICG, established in March 1998, is a non-profit public company limited by guarantee. MICG's main objective is to raise public awareness and practice of good governance in Malaysia. Hence, MICG is dedicated to facilitating business and corporate development throughout the country through the improvement of corporate best practices (Abdul Hadi et al., 2005). Its activities include:

- conducting regular seminars and talks on corporate governance issues jointly with various professional bodies and industry groups
- conducting education public seminars, especially for investors
- providing assistance for various regulatory agencies in developing training programmes for directors of PLCs
- networking with international organisations such as the Organisation for Economic Co-operation and Development (OECD), the World Bank, the Asian Development Bank and other corporate governance institutions
- developing a multi-disciplinary institute for service, research and education in corporate governance

The MSWG on the other hand, formed in August 2000, is an independent body that initiates shareholders' activism to ensure shareholders' equality and value maximisation. Here, the MSWG's main role is to protect minority shareholders' interests in Malaysian PLCs. It also conducts corporate monitoring and provides professional proxy services for Malaysian public companies.

The MSWG was set up with an annual funding (of RM300, 000 each) from five government-linked investment agencies: Lembaga Tabung Haji, the Social Security Organisation, the Employees Provident Fund, Perbadanan Nasional Berhad and Lembaga Tabung Angkatan Tentera. These agencies are also the major institutional

investors in the Malaysian capital market. Hence, the MSWG is not perceived as being independent, as the majority of its directors are representatives of the founding members.

### **3.8.5 Development of codes of conduct and industry best practices**

Apart from statutory development, Malaysian corporate governance development has also been supported by the development of codes of conduct and industry best practice. The two important non-legislative regulations are the development of the Malaysian Code on Corporate Governance (MCCG) in 2000; and the establishment of the KLSE Listing Requirements in 1993.

The MCCG, which was formally established in March 2000, is considered the landmark in Malaysian corporate governance reform. It codified the principles and best practices of good governance and described optimal corporate governance structures. The MCCG was largely derived from the recommendations of the Cadbury Report (1992) and the Hampel Report (1998) in the UK. It represents a milestone in government industry collaboration, because the MCCG is itself a product of an industry-led working group set up under the auspices of the FCCG.

The need for a code also results from economic forces and the need to reinvent the corporate enterprise to efficiently meet emerging global competition. The world's economies are tending towards market orientation. In market oriented economies, companies are less protected by traditional and prescriptive legal rules and regulations. Hence, MCCG set out principles and best practices associated with structures and processes that companies may use in their operations to achieve a high corporate governance standard. MCCG has outlined 13 principles of conduct including board effectiveness, directors' remuneration, accountability and auditing, and shareholder protection, together with 33 best corporate governance practices to assist Malaysian companies in designing their approaches to corporate governance (see Appendix B for details). At the same time,



companies are allowed to establish their own corporate governance system, however, they must ensure that they comply with the MCCG principles.

In 2007, the MCCG was revised. The revised version represents the continued collaborative efforts between the government and the industry such as the Securities Commission (SC), the Companies Commission of Malaysia, Bursa Malaysia Berhad, Bank Negara Malaysia, the Bar Council, the Federation of Public Listed Companies, the Malaysian Institute of Corporate Governance, the Minority Shareholders Watchdog Group, the Malaysian Accounting Standards Board, the Malaysian Institute of Accountants, the Malaysian Institute of Certified Public Accountants, the Institute of Internal Auditors Malaysia, the Malaysian Institute of Chartered Secretaries and Accountants and the Malaysian Investment Banking Association.

The key amendments to MCCG aim to strengthen boards of directors and audit committees, and to ensure that boards of directors and the audit committees discharge their roles and responsibilities effectively (Securities Commission, 2007). The amendments spell out the eligibility criteria for the appointment of directors and the role of the nominating committee. On audit committees, the amendments clarify the eligibility criteria for appointment as an audit committee member, the composition of audit committees, the frequency of meetings and the need for continuous training. In addition, internal audit functions are now required in all PLCs and the reporting line for internal auditors clarified. For ease of reference, elaborations of the amendments (boxed) are provided in Part 2 of the Code.

Nevertheless, it has been argued that as the MCCG was derived from recommendations made in the UK, the principles outlined in the MCCG may not necessarily be applicable to Malaysian corporate governance because the Malaysian business environment is different from that of the UK (Haniffa & Hudaib, 2006). For example, as the majority of Malaysian PLCs have a concentration of ownership and cross-holdings of share ownership (Thillainathan, 1999), corporate control has not actively been influenced by the market (OECD,

2004) compared with UK companies. Therefore, the impact of codes of corporate governance found in the UK may not necessarily be applicable to Malaysian corporate governance.

To ensure that all Malaysian PLCs provide sufficient disclosure for investors, and others to assess companies' performance and governance practices, they are required to provide a narrative statement (MCCG, 2000). Indeed, some companies have published compliance checklists in their annual reports. Unfortunately, it was argued that this became just a matter of ticking boxes and so became meaningless (Berry, 2007). Nevertheless, three years after the introduction of MCCG, it has been found that the stock price performance of 440 firms listed on KLSE had increased by an average of about 4.8 per cent (Abdul Wahab, How & Verhoeven, 2007). It seems therefore, that the implementation of MCCG has had a positive impact on Malaysian PLCs' performance.

The KLSE Listing Requirements, which was developed in 1993, is another kind of major watchdog that oversees public listed companies in Malaysia. The Listing Requirements specifically address key issues including substantial and related party transactions, board composition, the role and function of audit committees, directors' rights, training, and disclosures, in relation to the state of controls and compliance with the MCCG. In January 2001, the KLSE Listing Requirements underwent a comprehensive revamp, and the new version became known as the KLSE Revamped Listing Requirements. This exercise was partly to implement major recommendations of the FCCG's report. It aimed to raise the standard of conduct of directors and company officers of public-listed companies and to promote the development of effective internal governance and compliance (the World Bank, 2005b).

Para 15 of the new KLSE Listing Requirements requires all Malaysian PLCs to disclose their compliance with the MCCG in their annual reports. All Malaysian PLCs must ensure that they place the following two statements in their annual reports:

- i. a narrative statement of how the listed issuer has applied the principles set out in Part 1 of the Malaysian Code on Corporate Governance to their particular circumstances; and
- ii. a statement on the extent of compliance with the Best Practices in Corporate Governance, set out in Part 2 of the Malaysian Code on Corporate Governance “which statement shall specifically identify and give reasons for any areas of non-compliance with Part 2 and the alternatives to the Best Practices adopted by the listed issuer, if any”.

The new Listing Requirements aim to regulate Malaysian PLCs to be more transparent and accountable for their actions to gain investors’ confidence. Indirectly, it is also envisaged that these efforts will in turn encourage the country’s economic growth as well as the inflow of foreign direct investment.

### **3.9 The Efficiency of Boards of directors**

A key to effective boards is to ensure that the people appointed to the board leverage their experience to contribute in meaningful ways to the company (Nadler et al., 2004). This includes the proportion of executive and non-executive directors, the functional areas and technical skills represented on the boards, as well as age, gender and ethics (Forbes & Milliken, 1999). This section discusses four issues concerning Malaysian boards of directors: director appointment; board composition; board structure and process; and characteristics of members of boards of directors, as these have been found to have some influence on Malaysian corporate governance.

#### **3.9.1 Appointment of Malaysian PLCs’ directors**

The appointment of directors has been mandatory in Malaysia since the formation of the Companies Act in 1965. Section 122(1) of the Companies Act stipulates the requirement that any two company directors of every company incorporated in Malaysia, whether a public, private or foreign company, must have a principal or only place of residence within Malaysia. The minimum number, however, can be increased subject to company decision, but this must be expressed in the

provision of the company articles of association.<sup>19</sup> In the case of a public-listed company, section 126 of the Companies Act states that the appointment of a director is through a vote by a show of hands during a general meeting. The motion for approving nomination or the appointment of the director must be made separately (Sulaiman, 2001).

A director is any individual who is required to take decisions or is accustomed to deciding jointly with the fellow directors on the board (Wallance & Zinkin, 2005). The term director<sup>20</sup> includes executive director, non-executive director, chief executive director, de facto director and alternate or substitute director (all of whom have the same legal responsibility despite performing different functions, Companies Act, 1965). Thus, irrespective of whether a person is a private or listed company director, he or she must know that he or she is subject to various Malaysian business laws (Companies Act 1965). Indeed, legally, all directors are equally responsible for board actions and decisions.

In the case of Malaysian PLCs, the appointment of their director is also subject to the KLSE Listing Requirements. In addition, the selection of directors of listed financial institutions in Malaysia is also subject to the Banking and Financial Institution Act, as well as the guidelines of corporate governance for the development of financial institutions. For instance, the CEO of a financial institution must be a person of high calibre, appropriate experience, impeccable integrity, and familiar with the requirements of regulations, current issues and policies that affect the development of financial institutions in Malaysia (see

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<sup>19</sup> Article 66 of the Companies Act 1965 gives the power to the company at its general meeting to increase or reduce the number of directors. The power includes the power to appoint new directors (Malaysian Companies Act 1965, 2007)

<sup>20</sup> An executive director/chief executive director is a full-time employee of the company, usually at the senior management level and is also involved in the day-to-day operation of the company (Keil & Nicholson, 2003). A non-executive director is known as a 'non-management', 'non-employee', or 'part-time' director (Mace, 1972) and the person is not employed under a service contract with the company (Seong, 2003).

An alternate or substitute director is normally appointed for a specified period of time when the original director is unable or may be unable to perform his or her duties (Sulaiman, 2001). A de facto director is a person who does not have the responsibilities of a legal appointed director under the Companies Act 1965, but whose instructions are customarily followed by the directors of a company (Sulaiman, 2001).

section C(a) of the Guideline on Corporate Governance Standard for development of financial institutions, Bank Negara Malaysia, 2005).

In this regard, before accepting a position as director, it is advisable for a person to analyse the director's roles and responsibilities critically (Chartered Secretaries Malaysia, 2003). If necessary, the individual should obtain the opinion of legal counsel (Ford, 1992). By having a clear understanding of the director's legal duties, the person may gain a clear impression of what he or she should do on the company's board. For example, seven questions that should be considered by an individual director before accepting such appointments include:

- i. What is the current financial condition of the company?
- ii. Do my own values and business ethics match those of the company or will they conflict?
- iii. Are the other directors able to get along well in deliberations concerning the company?
- iv. What are the company's practices relating to the compensation of board members?
- v. Is the board concerned with proper compliance requirements?
- vi. Does the board allow free and unfettered participation at board meetings?
- vii. Has the company secretary a respectable position with the board?

(Source: Chartered Secretaries Malaysia (2003, pp. 7-8).

Apart from age,<sup>21</sup> the Malaysian Companies Act 1965 does not specify any requirement or professional background of individual directors. Nonetheless, a person can be disqualified from being appointed or holding office as a director if the person: is an undischarged bankrupt; has been convicted of crimes involving dishonesty; has been convicted of insider trading; and does not comply with any requirements set down in the company's articles of association (Malaysian

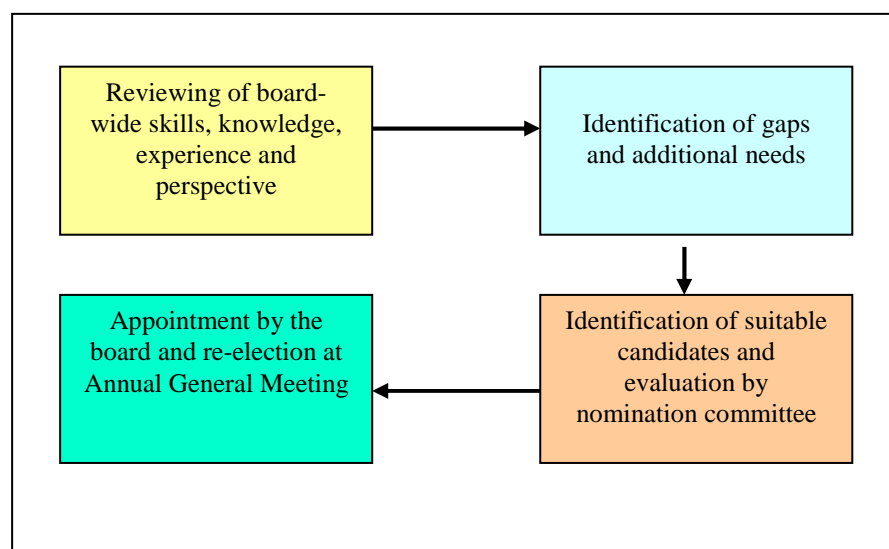
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<sup>21</sup> Section 122(2) of the Companies Act - A director must be a natural person of full age, which implies the person is not less than 18 years of age and not more than 70 years old. Nevertheless, a director of a public company reaching the age of seventy (70) years old shall vacate his position and be subject to re-election by the shareholders at a general meeting with a three-quarter majority vote.

Companies Act 1965). For example, the Ayer Molek director named Ismail bin Ahmad received a public reprimand because he did not declare he was a bankrupt and yet he was holding a director's position. It was reported that:

Bursa Malaysia Securities Berhad has found a former director of the Ayer Molek Rubber Company Berhad, Ismail bin Ahmad, to be in breach of the Listing Requirements. He was a bankrupt in 2002 and continued to be the managing director and a member of the audit committee of the company until 23 May 2007. He has been fined RM100, 000. (Bursa Malaysia, 2008c)

The MCCG recommended that the directors' selection process, in particular the selection of non-executive directors of Malaysian PLCs, should be formal and transparent through a nomination committee. The Cadbury Report (1992) stated that to be transparent, a nomination committee should have a majority of non-executive directors. At present, the majority of Malaysian PLCs have outlined procedures in the appointment of their directors, in the corporate governance statements of their annual reports. For example, AMMB Berhad described the process of directors' appointments, beginning with assessing the knowledge and skills of the candidates, then, identifying the gap between the company and suitable candidates, and finally appointing the candidates at the annual general meeting (see Figure 3.3).



**Figure 3.3: Director selection process in AMMB Berhad**

Source: AMMB Holding Berhad, 2007,p. 37)

Before the establishment of the MCCG in 2000, only 20 per cent of Malaysian PLCs were found to have well-structured processes for selecting non-executive directors (PricewaterhouseCoopers & KLSE, 1998). However, the situation was prolonged after the introduction of the MCCG in 2000. For example, the PricewaterhouseCoopers and KLSE survey in 2002 revealed that the majority of non-executive independent directors of Malaysian PLCs were appointed based on nominations from the board members, the chairman or the CEO. A similar situation had been discovered by Tan and Sendjaya (2007). This implies that the appointment of non-executive independent directors in Malaysia is not truly independent. This situation has been confirmed by the Vice President of the Malaysian Institute of Directors (MID):

Many talented people who can contribute to companies, as directors are not picked. The selection is done from a limited group (Kanagaratnam, 2007)

This has led to a lack of diversity within some Malaysian PLCs' boards, especially in terms of ethnic groups. This issue will be discussed in the following sections.

### **3.9.2 Composition of boards of directors**

Four components of board composition: size, gender, race and non-executive independent directors, are reviewed, as they have some significant impact on Malaysian PLCs' boards.

**Board size.** In Malaysia, there is no specific guideline that recommends the required size of Malaysian PLCs' boards. The MCCG has recommended that the board should not be too big or too small. Instead, the size should be determined based on the company's requirement, and the range of established laws of the corporation. Financial institutions in Malaysia, however, are required to have a minimum of seven directors on their boards (Bank Negara Malaysia, 2005). This requirement has been issued in order to ensure that adequate numbers of directors represent the interests of the various stakeholders of these institutions, as well as

to avoid the same independent director sitting on the various committees established by the board (Bank Negara Malaysia, 2005).

Two different surveys, by PricewaterhouseCoopers and KLSE in 2002, and MSGW and University of Nottingham in 2006, found that the average size of Malaysian PLCs' boards was eight. Nonetheless, Malaysian PLCs were also recommended to review the size of their boards annually to correspond with changes in company circumstances (Haniffa & Hudaib, 2006) as well as types of corporation, relationships with customers and the industry requirements (Chartered Secretaries Malaysia, 2003). It is also recommended that the optimum number of board members should be determined by the whole board to ensure that there are enough members to discharge responsibilities and perform the various functions of the board (MCCG, 2000).

***Gender diversity.*** In Malaysia, women account for about half of the Malaysian population. The participation of women in the Malaysian workforce has increased significantly, from 37 per cent in 1970 to 45.7 per cent in 2005 (Economic Planning Unit, 2007). However, the majority of women were clustered in the lower and middle-income category jobs such as clerical staff, service and production workers, and operators (Koshal, Gupta & Koshal, 1998). Moreover, in 2005 women comprised only 5.4 per cent of Malaysian senior officers and managers (Economic Planning Unit, 2007). This figure implies that Malaysian women have less opportunity to rise to the top management positions of the country.

There are two possible reasons for the low percentage of women in top management positions in Malaysia. First, Koshal et al. (1998) revealed that most Malaysian male managers felt uncomfortable having women as their boss because they perceived that women do not exhibit interactive leadership styles in a dynamic environment. Furthermore, Ismail and Ibrahim (2008) discovered that Malaysian women choose to be more committed to their family than their career and, therefore, would rather give less attention to their career development. As a consequence, the percentage of women in top management positions, especially



in the corporate sector, remains low, although most companies have opened their doors to women for entry to those positions.

Despite extensive studies on gender diversity in other countries, it has not been explored extensively in Malaysia. One possible reason could be that the low percentage of women on Malaysian PLCs' boards means their roles are too small to make a noticeable contribution to corporate performance. Nevertheless, the issue of promoting women to higher managerial positions in Malaysia remains a sensitive issue.

***Ethnic diversity.*** Ethnic diversity has been found to influence Malaysian economics and corporate governance (Haniffa & Cooke, 2002). According to Cheong (1990) corporate ownerships in Malaysia can be clearly identified among three ethnic groups: the Chinese; the Malay or *Bumiputeras*; and foreigners. The plausible explanation might be due to the ownership concentration of Malaysian PLCs. As reported in an earlier section, the main shareholders in Malaysia are the government and Chinese families. As the main shareholders, both the government and Chinese families were found to have more power to control the appointment of directors (On Kit & Tan, 2007). As a consequence, about 85 per cent of the members of boards of directors of family-owned companies in Malaysia were family members (Khoo, 2003), while Malay directors are mostly found in the GLCs (Guo-Sze, 2004). Certainly, the two ethnic groups have dominated Malaysian PLCs' boards.

The domination of Chinese directors on Malaysian PLCs' boards can be explained because the Chinese work on the basis of personal contact (Ghosh & Abadad, 1998). They tend to appoint directors who have a similar outlook (Gomez, 2005). Consequently, most Chinese companies in Malaysia strive to maintain top-level positions for their family members, especially the positions of chairman and CEO, (Singham, 2003). Some examples include Tan Sri Vincent Tan, Tan Sri Robert Kuok and Former Tan Sri Lim Goh Tong, who appointed their son, daughter, brothers or sisters as the directors of the company. In the event that no immediate family members can take over the business, many

Chinese firms seek their friends or members of their community to manage their family business (Singham, 2003).

*Bumiputera*, particularly Malay directors, have been found to represent about 38 per cent of Malaysian directors. *Bumiputera* directors on Malaysian PLCs' boards increased subsequent to the implementation of the NEP (Barlas et al., 2005). As a consequence, many PLCs' boards have appointed *Bumiputera* directors to their boards. However, it has been found that the *Bumiputera* have better chances to be directors or the chairman of GLCs, rather than Chinese firms (Salleh, Steward & Stuard, 2005).

Apart from the Chinese and *Bumiputera*, other ethnic groups do not seem to constitute a significant percentage on Malaysian PLCs' boards. The Indians, for example, although the third largest population in Malaysia, comprise a very low percentage on Malaysian PLCs' boards. Although in the case of foreign-controlled companies the boards have not been found to be tied directly to ethnicity (Salleh et al., 2005) they are related closely to the nature of business and company policy.

Although the percentage of *Bumiputera* on Malaysian PLCs boards of directors is quite high, the majority of them were retired government servants, formerly holding high positions in various government agencies. It was argued that they served only as functional directors to facilitate dealing with the Government, especially to help the firms bypass bureaucratic red tape (Gul & Tsui, 2004).

Despite such a situation, prior studies provide some evidence that ethnic groups have no effect on the performance of Malaysian PLCs, as measured by earnings management (Rahman & Mohamed Ali, 2006). In addition, the ethnic backgrounds of the founders of Malaysian companies were not found to significantly influence the business entities of the country, even though ethnic issues dominate the cultural, social and economic environment in Malaysia (Bhaskaran & Sukumaran, 2007). A possible reason is that Malaysians have experienced modernisation and compete in a global economy (Arif et al., 2007).

Hence, the need for survival in a competitive environment has led ethnic groups in Malaysia to adopt the same business values and have equal responsibilities to position their companies (Zabid & Jo, 2003). Therefore, it is difficult to distinguish Malaysian PLCs' performance based on ethnic groups.

***Non-executive independent directors.*** In Malaysia, before the Asian financial crisis in 1997/1998, the importance of independent directors had not received much attention. Neither had the Malaysian Companies Act prescribed the requirement for non-executive independent directors on the board. In contrast, the MCCG and KLSE Listing Requirements emphasized the importance of having non-executive independent directors on the board. The MCCG stated that one-third of the boards of directors of Malaysian PLCs should be independent and external representatives. Similarly, beginning January 2001, the KLSE Listing Requirements outline that every listed company in Malaysia must appoint at least two independent directors, or have one-third of their boards as independent directors, whichever is the higher. Generally, independent directors in Malaysia are expected to perform six roles whereby they are to:

- i. act as chairman of the respective committees;
- ii. evaluate and monitor the decision-making process;
- iii. provide an objective and positive contribution;
- iv. provide an assertive and influencing presence for the company's interest;
- v. to provide independent views and judgements relating to conflict issues; and
- vi. carry out functions specifically required by the KLSE Listing Requirements.

(Source: Chartered Secretaries Malaysia, 2003)

Two years subsequent to the establishment of the MCCG, only 85 per cent of Malaysian PLCs had been found to meet the MCCG's requirement (PricewaterhouseCoopers & Kuala Lumpur Stock Exchange, 2002). However, three surveys, carried out by Salleh et al. (2005), Abdullah (2006a) and MSWG and Nottingham University (2007b), revealed that all Malaysian PLCs have met the MCCG and the KLSE Listing Requirements to have at least 30 per cent of independent directors on their boards. These findings represent a slight

improvement from the PricewaterhouseCoopers and KLSE survey in 2002. This implies that all Malaysian PLCs have fulfilled the KLSE Listing Requirements, as well as taking seriously the advantages of having more independent directors on their boards.

Notwithstanding the above, the reality is that such expectations had not been truly embraced by companies. It was argued that it is difficult to reconcile how independent directors can be independent, as they are still accountable to specific shareholders (The World Bank 2005a). Furthermore, in Malaysia, due to high ownership concentration, the controlling shareholders have the ultimate power to appoint the independent directors. As the majority of independent directors of Malaysian PLCs were appointed because of personal contacts and satisfaction to the shareholders (Tan & Sendjaya, 2007), the independent directors are not truly independent. It is, indeed, questionable whether Malaysian PLCs' boards are generally independent from the shareholders.

In accordance with the above arguments, several studies in Malaysia present contradictory evidence suggesting the advantages and disadvantages of having a high percentage of non-executive directors on boards. A study by Abdullah (2002) involving the KLSE main board listed-companies showed that Malaysian listed companies' boards that were dominated by non-executive independents had positive relationships with the presence of large shareholders, while negatively related to directors' shareholding and CEO duality. This evidence suggests that the impact of independent directors is random. Meanwhile, other studies found that a higher percentage of non-executive directors had led to better auditing systems (Salleh et al., 2005), higher quality of disclosure (Haniffa & Cooke, 2002), and improved financial reporting timelines (Abdullah, 2006a). However, other studies found that non-executive directors in Malaysia had not influenced the performance of Malaysian firms (Haniffa & Hudaib, 2006; Rahman & Mohamed Ali, 2006). It was argued that in most developing countries, including Malaysia, independent directors were not selected based on their expertise and experience but more often for political reasons to legitimate business activities and for contacts and contracts (Haniffa & Hudaib, 2006). Due to lack of

expertise, lack of required skills and knowledge of company affairs, such directors would not be able to perform their roles effectively (Rahman & Mohamed Ali, 2006). This implies that the performance of Malaysian PLCs does not entirely depend on the presence of non-executives on the boards.

### **3.9.3 Board structure and process**

This section reviews three components of board structure and process in Malaysia: duality of roles; board committees; and board remuneration.

***Duality of roles.*** Duality of roles occurs when one person holds both chair and CEO positions. The MCCG recommended separation of roles between the chairman of the board and the CEO. The reason for the separation is to ensure a balance of power and authority, such that no individual has complete power over decision-making. Abdullah (2004) argued that when both monitoring and implementing roles are vested in a single person, the monitoring roles of a board will be severely impaired, and this could affect board incentives to ensure that management is pursuing value-increasing activities.

Despite the fact that the duality of roles is uncommon in Malaysia, three studies carried out by the World Bank (1998), PricewaterhouseCoopers and KLSE (2002), and Rahman and Haniffa (2005), discovered that nearly a quarter of Malaysian PLCs held dual roles. Duality of roles were found to be common among the firms controlled by one dominant shareholder (Abdullah, 2004; Haniffa & Hudaib, 2006; Salleh et al., 2005). This could be explained by the fact that the majority of Malaysian PLCs are owned by one dominant shareholder (which is usually the founder of the company). The person usually holds both positions to protect his or her interests in the company. This can also lead to improvement in a firm's performance, as he or she usually strives for better performance, especially to protect his or her interest (Haniffa & Hudaib, 2006). Hence, from the perspective of the controlling shareholder, efficiency in monitoring management could be enhanced through chairman-CEO duality because one less communication layer is needed (Haniffa & Cooke, 2002). It may

also allow the person to shape the destiny of the firm with minimal board interference (Dahya & Travlos, 2000).

Empirical evidence on the impact of role duality on various corporate performance measures in Malaysia has yielded conflicting results. Some studies show that duality of roles has no impact on the performance of Malaysian firms (Alan, 2004; Rahman & Haniffa, 2005; Abdullah, 2004; 2006a). Another study found that firms that had duality of roles were not performing as well as their counterparts with separate board leadership (Rahman & Haniffa, 2005). In addition, firms dominated by a single person led to financial reports being issued much later than those with separation of roles (Abdullah, 2006a). This could be because centralisation of power resulting from the chairman-CEO duality, could be detrimental to board effectiveness since the same person would manage and dominate board decisions (Haniffa & Cooke, 2000). These findings imply that the MCCG's recommendations of separation of roles of the chairman and CEO are significant for all Malaysian PLCs.

***Board committees.*** Two advantages of having board committees, as found in the literature, include: allowing directors to concentrate on specific issues in much more detail than the entire board could manage (Colley et al., 2005); and providing a mechanism for more effective use of directors' expertise and experience in carrying out a board's activities (Boulton, 1996).

In Malaysia, Article 89 of the Companies Act 1965 permits boards to delegate any of their power to committees. In addition, Bursa Malaysia mandated all Malaysian PLCs to form audit committees. The establishment of other board committees is left to the prerogative of individual companies, and may be subject to any terms or regulations that the boards may determine (Section 89, Companies Act, 1965). For example, larger public companies are recommended to include nomination and remuneration committees to handle all matters pertaining to the nomination of directors, compensation and remuneration of directors.

In addition to these recommendations, the BNM stipulated that all financial institutions in Malaysia should form additional committees that specifically relate to the nature of financial business (Bank Negara Malaysia, 2005). Some of the committees recommended include a risk management committee, a credit committee and an asset-liability committee. As the audit committee plays a significant role in corporate governance, especially in providing a checks and balance system of the company (Kasipillai, 2005), this committee will be reviewed in the following section.

***Audit committee.*** An essential function of an audit committee is to review the financial affairs of the company, specifically, reviewing balance sheets and profit and loss accounts, and related party transactions (Securities Commission, 2007). In particular, the audit committee plays an important role to ensure the transparency of the financial reporting process (Bank Negara Malaysia, 2003).

Audit committees in Malaysia emerged in the mid-1980s following the huge losses incurred by Bank Bumiputera Finance Limited (BMF) (MSWG & Nottingham University, 2006). The committee was first made mandatory for the banking sector under the auspices of Bank Negara Malaysia. Effective from 1 August 1994, the KLSE mandated all listed companies in Malaysia to establish audit committees. Four years afterwards, the PricewaterhouseCoopers and KLSE (1998) survey found that only 78 per cent of the companies responding to the survey had established their audit committees. This implies that at this early stage, some listed companies in Malaysia had not fulfilled this requirement.

Following the financial crisis in 1997/1998, a growing number of Malaysian PLCs had established their audit committees to enhance their corporate governance system. In 2005, 92.5 per cent of the top 200 Malaysian PLCs were found to have formed their audit committees (MSWG & Nottingham University, 2006). While section 344A of the KLSE Listing Requirements specifies that an audit committee should comprise at least three members, (the majority of whom should be independent) and the chairman should be an independent non-executive director, it is common practice among Malaysian PLCs to have either their

managing director or financial director among their audit committee members (Abdullah, 2006a). For example, it was found that 83 per cent of audit committees of the top 200 Malaysian PLCs had included executive directors as their audit committee members, and that these companies belonged to a single group by virtue of having a holding company or controlling shareholders (MSWG & Nottingham University, 2006). The possible explanation for this is because the vast majority of Malaysian PLCs are owner-managed; the membership of an audit committee appears to be meaningless because the committee members are the same people as the owners (Lee & Md. Ali, 2008). As Abdullah (2004) argues, therefore, Malaysian PLCs formed their audit committees only to satisfy the KLSE Listing Requirements rather than to enhance their corporate governance standards. This might have hindered the effectiveness of the audit committees.

To enhance the effectiveness of the audit committee in Malaysia, in 2008 Bursa Malaysia announced some amendments to the Listing Requirements on audit committees. The key amendment now prohibits executive directors from being part of the audit committee to enhance the independence of the audit committee (Bursa Malaysia, 2008a). The amendment has been made to raise the standard of corporate governance for listed companies in Malaysia. This should improve the Malaysian capital markets' integrity and boost investor confidence further.

***Board meetings.*** Blake (1999) argued that there is no magic number for the frequency of board meetings. However, Vafeas (1999) found that the annual average for board meetings in US companies was 7.45, but also found a negative correlation between the number of board meetings and performance. This could be explained because meetings that are more frequent could lead to the board being more involved in company operations, which could make management staff, especially the CEO, feel micromanaged by the board (Ford, 1992). Thus, the board should not be called for a meeting unless there is something of substance for the board members to do or discuss.



In Malaysia, although the MCCG recommended that a board should meet regularly, it does not stipulate the frequency of board meetings in a year. The KLSE Listing Requirements, however, stipulates that every board of a listed company should conduct at least four meetings in a year. Specifically, the boards of financial institutions are required to conduct meetings at least once in three months (Bank Negara Malaysia, 2005). This coincides with the release of quarterly reports. In addition, all Malaysian PLCs are required to disclose the number of board meetings in a year, and detail the attendance of individual directors in their annual reports. Paragraph 7.29 of the KLSE Listing Requirements stipulate that a director is automatically disqualified if he or she is absent from more than 50 per cent of the board meetings held in a year. Based on the above argument, although no specific number of board meetings has been emphasised in Malaysia, companies, and particularly financial institutions must ensure that they have fulfilled the minimum number of board meetings stipulated by the BNM and the KLSE Listing Requirements.

***Board remuneration.*** The structure and level of board remuneration has been the subject of public debate, especially when a company is facing financial problems while at the same time a director's allowance is increasing. For example, it was reported that the CEOs of Malaysian GLCs were receiving huge (100 %) salary increases despite rises in fuel, energy and escalating food prices (The Star, 2008, June 18). Although the public has criticized such increments, the Khazanah Nasional CEO, Tan Sri Azman Mokhtar, argued that higher pay was commensurate with retaining competent directors:

Malaysian talent is in demand from the Middle East, China, Asean and also the US. There is a very serious brain drain issue that we should be aware of. So do not begrudge our CEOs and the managements.

If you see them making money, you should celebrate because they have created a lot of value for the companies. Let me assure you that there has been careful calculation on this.

(Source: the Star, 2008, June 18).

Despite the importance of board remuneration, no specific recommendation on board remuneration is found in Malaysia. The MCCG for example, only prescribes four general recommendations on board remuneration:

- i. in determining the level of remuneration, the board (as delegated to the nomination committee) should take into account the prevailing pay and employment conditions within the industry;
- ii. the board should link executive directors' pay to corporate and individual performance;
- iii. each company should establish a formal and transparent remuneration policy for individual directors; and
- iv. the details of the remunerations of individual directors should be reported in an annual report.

Therefore, board remuneration in Malaysia has been found to vary from one company to another. For example, in 2006 the gap in board remuneration in Malaysia was between RM50, 000 and RM73.15 million per annum (MSWG & Nottingham University, 2007a). For individual directors, it was reported that the majority of GLCs' board remuneration was lower than in companies owned by Chinese shareholders. For instance, it was reported that the CEO of Tenaga Nasional (one of the GLCs), Datuk Seri Che Khalib Mohd Noh's paycheque is not very big. His emolument for the financial year 2008 was only RM1.17 million. However, YTL Corp Bhd's managing director, Tan Sri Francis Yeoh, whose company sells electricity to Tenaga, took home RM4.8 million for the financial year 2008 (Fong, 2009).

To overcome the above discrepancies, it has been suggested that Malaysian PLCs should determine their board remuneration based on two conditions: (1) director commitment, legal liability and business climate (Brian, 2002); and (2) current remuneration market (the World Bank, 2005b). For example, a director who devotes sufficient time to board activities and demonstrates complete competence in his or her role should receive higher remuneration than the others. However, a survey by MSWG and University of Nottingham in 2007 revealed that only 34.5 per cent of the top 200 Malaysian PLCs surveyed have considered the prevailing

market pay in determining directors' remuneration. Another 54 per cent of the companies asserted that they have linked individual directors' remuneration to his/her performance, as well as company performance. This implies that the level of board remuneration in Malaysia has not been fully determined by the current individual or company performance.

Although the MCCG requires all Malaysian PLCs to disclose directors' remuneration in their annual reports, it has been found that some companies only report board remuneration as a total figure. Thus, it is hard to determine the actual amount paid to individual directors. As directors' remuneration is important to retain and attract good people, it has to be transparent, not just fulfil what is required by the MCCG.

#### **3.9.4 Restriction of multiple directorships**

Multiple directorships refer to the situation where directors sit on more than one board (Haniffa & Hudaib, 2006). In developed countries such as the US, the UK and Australia, where companies are much bigger in size and, with complex activities cutting across nations, directors' tasks may be at a very high and complex level and so holding three directorships could make a director overcommitted (Abu Hassan & Hossain, 2007). By contrast, in emerging economies like Malaysia, where companies are much smaller and simpler, directors may find it possible to sit on several boards. Thus, multiple directorships are a common phenomenon, particularly among non-executive directors in Malaysia (Haniffa & Cooke, 2002).

Before the introduction of the MCCG in 2000, the percentage of multiple directorships in Malaysia was found to have increased from 5 per cent in 1999 to 11 per cent in 2000 (Haniffa & Hudaib, 2006). The plausible explanation could be that during this period no restriction on having multiple directorships was enforced in Malaysia. Thus, directors could sit on any number of boards. However, in 2002, the KLSE Listing Requirements restricted the number of directorships of Malaysian directors as follows:

#### Paragraph 15.07: Restriction on directorships

A director or an applicant or a listed issuer must not hold more than 25 directorships in companies, of which:

- i. the number of directorships in listed issues shall be not more than 10; and
- ii. the number of directorships in companies other than listed issuers shall be not more than 15.

(Source: Bursa Malaysia, 2002).

The restriction has been enforced to ensure that directors are able to devote sufficient attention and time to the companies under their charge and discharge their fiduciary duties effectively (the World Bank, 2005a). This requirement is in fact the first in the South East Asian region.

Despite extensive research on multiple directorships in other countries, few empirical studies have looked specifically at the association between corporate performance and multiple directorships in Malaysia. This is possibly attributable to difficulty in accessing the data (Haniffa & Hudaib, 2006). Furthermore, since many Malaysian PLCs have a cross-ownership structure, it is quite common for Malaysian PLCs' directors to sit on more than one board under the same holding companies to protect the interests of the owners (Singham, 2003). Hence, although the issue of multiple directorships has not become a major concern in Malaysia it has vital implications for the structure and effective functioning of corporate boards (Hermalin & Weisbach, 2009).

### **3.9.5 Characteristics of members of boards of directors**

It was argued that effective board governance depends on the professionalism of individual directors (Reilly, 2003). In Malaysia, the Securities Commission (2004) stressed that board members, particularly independent non-executive directors, should be appointed based on their calibre, credibility, relevant skills and experience to deal with important board issues. According to Kanagaratnam (2007), Malaysian PLCs need to continually enhance their skill sets in order to

transform the companies they lead into excellent entities in a rapidly globalised environment:

.....boards which comprises mainly accountants and lawyers, more technical expertise, marketing, strategic management and operations management skills are needed to provide a better mix among the directors to ensure the long-term continuity of a company (Kanagaratnam, 2007, p.2)

Beginning in 2002, Para 15.10 of the KLSE Listing Requirements stipulated that at least one member of the audit committee must be a qualified accountant or a person deemed to possess accounting expertise.<sup>22</sup> Likewise, the MCCG and guidelines for audit committees for financial institutions in Malaysia have recommended that all members of an audit committee should be financially literate. Preferably, one of the committee members should be a member of a recognised Malaysian professional accounting body. Specifically, the BNM recommended that the members of audit committees of financial institutions should be able to make and demonstrate sound judgement objectively, have an independent attitude, management experience and adequate knowledge of the financial industry. Possessing such qualities, they should be able to discharge their audit function effectively (Securities Commission, 2007).

In 1998, only 20 per cent of Malaysian PLCs' boards were found to have appointed financial experts among their audit committees' members (PricewaterhouseCoopers & KLSE, 1998). However, this had not been an issue as the requirement to appoint a financial expert to audit committees only became effective in 2002. Nonetheless, in 2005, 7.5 per cent of Malaysian PLCs, which belonged to a single group by virtue of having a common holding company, still did not comply with this requirement (MSWG & Nottingham University, 2006).

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<sup>22</sup> (1) must be a members of the Malaysian Institute of Accountants (MIA) or  
(ii) if he or she is not a member of MIA, must have at least 3 years' working experience and must pass the examination specified by the Malaysia Accountants Act 1967, or he or she must be a member of one of the associations of accountants specified by the Malaysia Accountants Act 1967  
(iii) fulfil such other requirements as prescribed by the Bursa Malaysia such as; (a) a degree/master/PhD in accounting or finance and at least 3 years' post-qualification experience in accounting or finance; or (b) at least 7 years' experience being chief financial officer of a corporation.

This would certainly raise the question of how these companies could avoid complying with the KLSE Listing Requirements.

Although the characteristics of members of boards of directors remain an important issue in the corporate governance literature, associated research evidence has been found to be limited in Malaysia. What constitutes a suitable person, in terms of his or her background, knowledge, skills, and personality and behaviour, to become an effective director of a Malaysian PLC has not been studied extensively. The question that needs to be answered is: to what extent are Malaysian companies concerned about directors' backgrounds and professionalism? Here, this study questions to what extent effective boards should encompass individuals with appropriate personal backgrounds and professionalism?

### **3.10 Summary**

This chapter has discussed corporate governance development and boards of directors in Malaysia. First, it provided an overview of Malaysian economics including the NEP. Many scholars have criticised the NEP as a welfare fund for Malay political networking businessmen. Hence, the NEP has been regarded as an obstacle to economic and corporate governance development in Malaysia.

The second issue was that high ownership concentration determines the unique nature of managing, operating and running a business. Previous studies show that associated deficiencies have had some impact on the entire corporate governance system in Malaysia. Due to the problem of a high concentration of ownership, Malaysian PLCs have been considered to be lacking in transparency.

Third, Malaysian corporate governance development has been discussed. The Malaysian corporate governance framework has been developed based on a holistic approach involving internal and external perspectives of a company. The internal perspective relies on the boards of directors as the main actors to protect the company. The external perspective relies on various aspects, particularly rules and regulations administered by various regulatory bodies, codes of conduct and

best practices, and corporate governance institutions. Despite having well-structured corporate governance legislation, the Malaysian regulatory system has been criticised due to the overlapping roles of the regulatory bodies, in particular the SC, CCM and Bursa Malaysia. Thus, enforcement from these bodies was rather weak.

Finally, Malaysian boards of directors were discussed. The analysis demonstrated that there was some superficial convergence and divergence between boards of directors in Malaysia and other developed countries, especially in the UK and Australia. Convergence included separation of the roles of the chairman and the CEO, smaller size of boards of directors, establishment of board committees, and the requirement for the appointment of independent directors to a board. Although Malaysian corporate governance standards have improved since the introduction of the MCCG in 2000, it does not focus specifically on the characteristics of board members. Thus, what constitutes as being effective characteristics of board members in Malaysia has not yet been explored. To evaluate this issue further, Chapters 6 and 7 (results of this study) and Chapter 8 (discussion) focus on the characteristics of boards of directors' members and board effectiveness within the context of the top 100 Malaysian PLCs, drawing on empirical evidence from annual reports and interviews.

# **CHAPTER 4**

## **THEORETICAL FRAMEWORK**

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### **4.1 Introduction**

The present chapter presents a conceptual framework for this study. Specifically, it discusses the linkage between the characteristics of boards of directors' members (chairman, CEO, and independent directors) and board effectiveness. In order to examine the characteristics of members of boards of directors, and the contribution that these characteristics make to the effectiveness of boards of Malaysian PLCs (see Chapter 1), this study examines:

- i. demographic characteristics of board members including gender, race, age, tenure and multiple directorships;
- ii. personality characteristics and values of board members including integrity, leadership traits, commitment, open mindedness and relationships with others;
- iii. board members' competencies, comprising three components, including knowledge and skills, industry experience, and educational qualifications; and
- iv. characteristics of effective boards including board structure and process, board roles, board composition, board memberships and government policy.

Chapter 1 discussed many exogenous factors influencing board effectiveness. Following Leblanc (2003) and Levrau and Van Den Berghe (2007), in this study board effectiveness has been assessed by reference to how participants perceive their overall boards. In justifying the above issues, a review of relevant literature related to characteristics of boards of director members and board effectiveness is presented in the following section.



## **4.2 Characteristics of members of boards of directors**

In this section, a review of relevant literature has been undertaken in order to determine the characteristics of members of boards of directors as the basis for the conceptual framework and the research proposition for this study.

### **4.2.1 Demographic characteristics**

In assessing the importance of the demographic characteristics of board members, many researchers have empirically tested the impact of different types of demographic characteristics of top management teams (TMT) including company directors. This has yielded mixed results. For example, Hambrick and Manson (1984) found that older executives are likely to avoid risky decisions in consideration of financial securities, whereas young directors are more willing to be involved in strategic changes (Wiersema & Bantel, 1992). Additionally, older directors have been found to be inflexible and complacent in their jobs (Wiersema & Bantel, 1992), and more resistant to change (Sarkar & Sarkar, 2005). However, older top management, including directors, were found to be more experienced (Ford, 1992), and, thus, could help their company to be more competitive (Kaufopoulus et al., 2007). Based on the arguments it is recommended that companies should appoint directors who are between 30 and 60 years old (Ford, 1992).

Many studies have documented the impact of board members' tenure, however, the results have been inconclusive. Some studies found a positive impact from longer tenure in board members, leading them to acquire more company information (Vafeas, 2003), be more effective in monitoring the manipulation of financial reports and more able to oversee their firms' activities effectively (Schnake et al., 2005). In addition, as longer tenure leads them to know each other well, this can reduce group conflict (Goll & Rasheed, 2005). However, some studies have reported that longer tenure can lead directors to be affiliated with their CEOs, which leads to higher CEOs' compensation regardless of company performance (Vafeas, 2003; Schnake et al., 2005). Moreover, longer tenure has been found to lead to directors' resistance to change because they become

complacent in their jobs (Sarkar & Sarkar, 2005). These findings show that the impact of tenure on firm performance is inconsistent.

A number of other studies have examined the impact of gender diversity (women directors) on corporate boards. Advantages of employing women directors were found in several studies, indicating that female directors can contribute positively to the board (Singh & Vinnicombe, 2003), through introducing new skills and fresh ideas (Arfken et al., 2004). They also appear more determined than men in pursuing answers to difficult questions (Huse & Solberg, 2006), which can provide unique perspectives on organisational decision-making (Bilimoria, 2006). With these advantages, the representation of women directors on corporate boards can assist in improving the financial performance of their firms (Carter et al., 2003; Catalyst, 2004; Campbell et al., 2008).

Apart from gender diversity, several studies have shown that holding multiple directorships can lead to advantages through increased company business networking (Ferris et al., 2003; Fich & Shivdasani, 2004). This can also provide a wider variety of ideas and knowledge for the company (Ong et al., 2003; Kor & Sundaramuthy, 2008) and enhance firm values (Key & Li, 2005; Sarkar & Sarkar, 2005). Despite these advantages, holding too many directorships has been found to lead to board members becoming ineffective and too busy (Fich & Shivdasani, 2004; Liu & Chyan, 2008). For example, Fich and Shivdasani (2004) found that firms in which the majority of board members held three or more directorships had weaker corporate governance, lower market-to-book ratios and weaker profitability.

These findings imply that the demographic characteristics of board members can have both negative and positive impacts on firm performance. Given the importance of demographic characteristics of board members, this study expects that the various demographic characteristics of board members discussed in the literature are also important determinants of the effectiveness of Malaysian PLCs' boards. This conclusion leads to the following research question:

***Question 1:***

***What demographic characteristics are considered to be important for the effectiveness of Malaysian PLCs' boards, and why are they important?***

#### **4.2.2 Personality characteristics and values**

Although the personality characteristics and values of board members have not yet been studied extensively, prior studies provide some evidence that board members' personality characteristics and values are important for the effectiveness of boards. For example, of the ten characteristics of competent directors revealed by Coulson-Thomas (1992), five were found to relate to personality characteristics and values, including:

- i. personal qualities such as integrity, independence, wisdom, authority, judgement, leadership, courage, a positive outlook, tact and diplomacy;
- ii. awareness of the business environment and of what constitutes value to customers;
- iii. a sense of accountability to stakeholders and a willingness to put responsibility to the company above self-interest;
- iv. possessing a vision and a strategic perspective, which should embrace the totality of the company's operation; and
- v. ethical awareness and sensitivity to the attitudes and values of others.

Other studies have revealed that board members' attitudes and behaviours which have influenced firm performance include being high achievers and possessing; high motivation, high determination (Sorros & Butchantsky, 1996), awareness, relational skills, emotional intelligence and resilience (Coulson-Thomas, 1993; Kets-de-Vries & Florent-Treacy 2002). They should also show commitment (Stiles & Taylor, 2002; Letendre, 2004; Prasanna, 2006) and preparedness for boardroom discussions (Levrau & Van den Berghe, 2007b). Most importantly, it has also been argued that integrity and ethical values are crucial values in board members (Ford, 1992; Epstein & Roy, 2004), because such values contribute to positive outcomes within the entire organisation including for its stakeholders (Francis & Armstrong, 2003).

Although all board members need to possess the above characteristics, some studies have found that the chairman, CEOs and independent directors need to have other particular characteristics. For example, Whitehead Mann Partnership (2005a) found that effective chairmen possess the following ten characteristics: working well with the CEO, openness and transparency, commitment, flexibility, open leadership style, preparedness, and accountability in board performance. CEOs need flexibility, integrity, vision, attention to detail, openness and to be calm to criticism (Kaplan et al., 2007). Furthermore, an effective independent director was found to be someone who has integrity, is oriented to change (Dulewicz & Gay, 1997; Higgs, 2003), committed, prepared, open-minded, passionate and visionary (Whitehead Mann Partnership, 2000b). In addition, McCabe (2008) revealed that independent directors need to have both independence of knowledge and independence of income.

The above reviews imply that there are no absolute personality characteristics required among any particular categories of board members. Although each member needs to have their own characteristics, some are found to be more important. These include: commitment, integrity, open-mindedness, and possessing the ability to form good relationships. The present study anticipates that various personality characteristics and values of board members identified in the literature are also important determinants concerning the effectiveness of Malaysian PLCs' board members.

***Question 2:***

***What personality characteristics and values are considered to be important for the effectiveness of Malaysian PLCs' boards, and why are they important?***

### **4.2.3 Competencies**

Competencies can be measured by reference to several factors including experience, qualifications (O'Higgins, 2002; Pass, 2004), knowledge and skills (Milliken & Martin, 1996). Researchers have argued that effective board members need to possess two types of knowledge and skills: functional

knowledge including about finance, accounting, legal matters, marketing and the economy (Hambrick & Manson, 1984; Forbes & Milliken, 1999), and business skills including technical skills, interpersonal skills and conceptual skills (Hambrick & Manson, 1984; Yulk, 2006).

Prior studies provide some evidence of board members' knowledge and skills that influence the effectiveness of boards. For example, board members with strong financial backgrounds were found to be able to provide the internal control system mechanisms necessary to control firm performance (Conger & Ready, 2004; Ingley & Walt, 2008). In addition, board members who had human and conceptual skills (Katz, 1974), communication skills (Forbes & Milliken, 1999), decision-making skills (Carmeli, 2006), technical skills and strategic marketing skills (Jeanjean & Stolowy, 2008) understood complex business situations more easily. These skills helped them play more active roles in board discussions (Conger & Lawler, 2001) and provided relevant input into strategic decision-making (Carmeli, 2006; McDonagh, 2006).

In addition, effective board members also need to possess various types of experience including dealing with people and experience in business and boardroom environments (Brian, 2002; Stone & Tudor, 2005; Roberts et al., 2005). Furthermore, many studies examining the importance of a director's experience to the board yielded mixed results. Westphal (1999) found that experienced directors develop ties more easily with other directors, executives and industry players. This networking helps board members be more familiar with their firm's management enabling them to deal with employees more effectively (Kor & Sundaramurthy, 2006). This, in turn, enhances the quality of communication and information exchange among directors and executives (Milliken & Martin, 1996). However, some studies did not find any advantages in having experienced directors concerning responding to changes in the strategic decisions of the board (Wiersema & Bantel, 1992; Jensen & Zajac, 2004; Daniel et al., 2007). The reason could be that experienced directors are more resistant to change in order to maintain their positions (Wiersema & Bantel, 1992), thus, they are not willing to pursue strategic changes (Sarkar & Sarkar, 2005).

On a different track, Hilmer (1998) argued that higher educational qualifications provided board members with more intellectual resources to analyse certain issues because they can apply their knowledge when considering alternatives in response to various issues (Cox & Blake, 1991). In accordance with this argument, Westphal and Milton (2000) found that board members with higher educational qualifications are more willing to undergo corporate change. They can minimise any firm risk because they are able to offer unique perspectives on strategic issues (Jensen & Zajac, 2004). Specifically, having a business and accounting education enables board members to be more accountable on their boards because they have a greater understanding of their firm's performance (Haniffa & Cooke, 2002). However, as Conger and Lawler (2001) have argued, the qualifications of board members need to be relevant to the company's strategic needs.

In summary, these reviews provide some evidence that to be effective, board members need to possess competencies that are relevant to their company's activities. This conclusion lead to research question 3:

***Question 3:***

***What competencies are considered to be important for the effectiveness of Malaysian PLCs' boards, and why are they important?***

## **4.3 Board effectiveness**

### **4.3.1 Internal perspectives of boards of directors**

Previous research has examined internal perspectives of board effectiveness as relationships between characteristics of the board (size, composition, independent directors and leadership structure) and a variety of financial performance indicators (market-to-book value, return on assets and return on equity). However, the results of these studies have been inconclusive (see, for example, Dalton et al., 1999; Hossain et al., 2001; Hermalin & Weisbach, 2003; Dalton & Daily, 2005; David & Ong, 2005; Imen, 2007; Harjoto & Hoje, 2008). A common aspect of these studies is that they utilised inputs/outputs perspectives using secondary data, relying chiefly on company performance data obtained from annual reports. For example, some studies found that the presence of independent non-executive

directors (NEDs) on the board led to the enhancement of board decision-making (Dahya & McConnell, 2003), corporate competitiveness and strategic outlook (Abor & Adjasi, 2007) and firm financial performance (Choi et al., 2007). However, other studies found that the presence of NEDs was not associated with superior firm performance (Hermalin & Weisbach, 2002; Zong-Jun & Xiao-Lan, 2006; Abdullah, 2006). It was argued that the results were inconclusive because NEDs are unable to verify decisions made by powerful board members as they lack company information (Bosch, 1992; Pettigrew & McNulty, 1999; Siladi, 2006). According to Markarian and Parbonetti, (2007) this problem of lack of information impedes good decision-making.

In addition, many studies have explored the relationship of the size of the board and firm performance, but yielded mixed results (e.g. Kiel & Nicholson, 2003; Beiner et al., 2004; Chen & Koa, 2004; Dey & Chauhan, 2009). Bhagat and Black (2002) argued that the mixed results are explained by the endogeneity of some factors in the board effectiveness model. For example, board size itself may be influenced by other governance factors such as board structure and board leadership (Colley et al., 2005). Inconclusive results were also found in studies of the dual role of chairman/CEO. Some studies revealed that such duality of roles led to a positive impact on board and firm performance (e.g. Joshua, 2007; Harjoto & Hoje, 2008; Haron et al., 2008, Tin Yan & Shu Kam, 2008), whereas other studies did not find any advantage in having dual roles on the board (Abdullah, 2004; Sharma, 2004; Schmid & Zimmermann, 2005).

The above reviews show that despite extensive studies of board effectiveness using structural dimensions, the results have been generally inconclusive. Daily and Dalton (2003) argued that results were inconclusive because most board effectiveness studies rely on a 'black box', not observing what actually happens in the boardroom. Following this argument, Levrau and Van den Berghe (2007a) concluded that complex regression equations might not succeed in resolving board effectiveness issues because of too many other contributory factors to corporate financial performance. These include board diversity, board competence and board behavioural factors. Imen (2007) added that the ambiguity

in current research evidence can, to some extent, be attributed to the ignorance of a wide range of interconnected structural (e.g. diversity and competence) and behavioural factors (e.g. trust, attitude, norms, and conduct) that also influence board effectiveness. Likewise, Adams et al. (2009) suggest that as governance structures arise endogenously, studies of aspects that appear to be poor governance structure need to ask 'why' rather than 'what'?

To overcome such arguments a number of scholars have highlighted the importance of studying board dynamics and behaviour, especially when boards are increasingly under legal scrutiny and held accountable for their actions in the public arena (e.g. Forbes & Milliken, 1999; Leblanc, 2003; Nicholson & Kiel, 2004; Pye & Pettigrew, 2005; Robert, et al., 2005; Levrau & Van den Berghe, 2007b). For example, Pye and Pettigrew (2005) argued that the need for the study of board dynamics continues and is to be encouraged, especially observation of how the board actually works.

Other studies have found that board effectiveness depends on its behavioural dynamics. For example, Forbes and Milliken (1999) concluded that the effectiveness of boards depends on socio-psychological processes related to group participation, interactions and board cohesion. Finkelstein and Mooney (2003) discovered that conflict avoidance, teamwork, strategic involvement and comprehensiveness are critical determinants of board cohesion and effectiveness. In fulfilling task performance, Payne et al. (2009) identified five attributes of high-performing boards – knowledge, information, power, incentives and opportunity/time – and argued that these attributes promote board effectiveness and, in turn, influence corporate financial performance. Although none of these studies suggest general characteristics of board dynamics, in a study of 40 corporate governance codes Ingley and Walt (2003) concluded that further research on board dynamics should try to bring together all elements that have an impact on board effectiveness.



Because the impacts of boards' characteristics on firm performance (e.g. strategic, management, financial and environment) are complex and interrelated, this study proposes the following question:

***Question 4:***

***What internal aspects of boards of directors are considered to be important for the effectiveness of Malaysian PLCs' boards, and why are they important?***

Despite board effectiveness being determined by various factors, Leblanc (2003), Berghe and Levrau (2004) and Roberts et al. (2005) concluded that a balance in board membership is the most crucial factor determining board effectiveness. This is because board structure fails to take into consideration the competencies of individual directors (Leblanc, 2003). This was noted in an earlier study by Forbes and Milliken (1999) who concluded that effective boards depend on group participation, interaction and cohesion. In addition, some scholars have argued that effective boards also rely on human capital including experience, expertise, reputation, networking and values (Hillman & Dalziel, 2003; Nicholson & Kiel, 2004). Nicholson and Kiel (2004) argued that a balance of different elements of board intellectual capital could lead to a series of board behaviours and organisational performances. Hillman et al. (2000) concluded that directors who had business expertise were able to provide strategic advice and act as an external communication channel. Hence, to obtain the whole picture of effective boards, Wei (2005) suggested that a board effectiveness study should focus on the characteristics of the board members rather than on other aspects of the board. This leads to the following question:

***Question 5:***

***Is board membership the most important aspect influencing the effectiveness of Malaysian PLCs' boards?***

### **4.3.2 External perspectives of boards of directors**

Apart from internal aspects of boards of directors, various external aspects including regulation, stakeholders, business environments and investor relations also appear to have a significant bearing on the effectiveness of boards of directors (Pye & Pettigrew, 2005). Accordingly, it was acknowledged that various characteristics of boards of directors have changed since the development of codes of corporate governance, as well as the new corporate governance regulations. For example, in the UK, Dahya and McConnell (2003) revealed that the proportion of NEDs had been increased after the Cadbury Report in 1992. Especially, independent directors were more likely to be added if a firm faced financial constraints (Paul, 2008). In the US, Boone et al. (2007) found that the proportion of independent directors had increased since the development of the code of corporate governance. In addition, Alkhafaji (2007) found that the new reporting requirements imposed by the Sarbanes-Oxley Act had encouraged boards to be more careful when preparing and reporting their company financial information. Likewise, in Malaysia, the effectiveness of Malaysian PLCs' boards was largely influenced by the establishment of MCCG in 2000 and the KLSE Listing Requirements in 2002. Two significant impacts of these corporate best practices were that high percentages of Malaysian PLCs appointed independent directors to their boards, and that the role of chairman and CEOs had been separated (PricewaterhouseCoopers & KLSE, 2002; MSWG & Nottingham University, 2006, 2007). Due to the important influence of external aspects of the board, this study proposes the following question:

#### ***Question 6:***

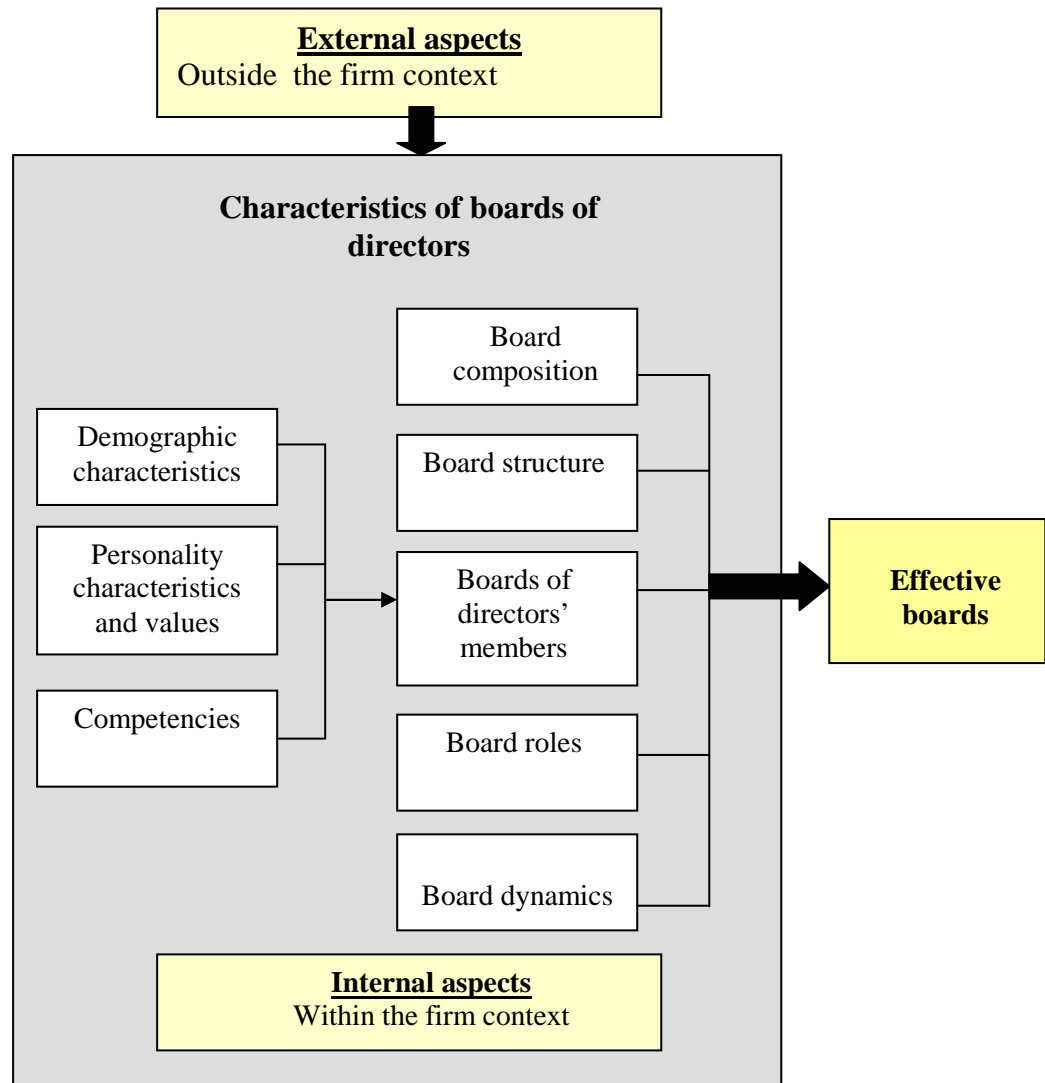
***What external aspects of boards of directors are considered to be important for the effectiveness of Malaysian PLCs' boards, and why are they important?***

## **4.4 Towards a theoretical framework**

Based on the above review, this study explores various characteristics of boards of director members and board effectiveness of Malaysian PLCs. The resulting theoretical framework is shown in Figure 4.1. The framework explores three characteristics of members of boards of directors, including: demographic characteristics; personality characteristics and values; and competencies.

Figure 4.1 also includes four other known components of effective boards including board composition, board structure, board roles and board dynamics. These characteristics cover the broad spectrum that contributes to the effectiveness of boards. In addition, this study is to explore various external aspects (corporate governance rules, regulation, etc) that are important determinants of the effectiveness of Malaysian PLCs' boards.

In this study, the six research questions developed in this chapter and resulting theoretical framework (Figure 4.1) have been examined in the context of the top 100 Malaysian PLCs.



**Figure 4.1: Theoretical framework of the study**

## 4.5 Summary

This chapter has presented the arguments used as the basis for developing six research questions (section 4.2 and 4.3) and a theoretical framework that can be used to examine the characteristics of members of boards of directors and board effectiveness in Malaysian PLCs. Following the adoption of the conceptual framework in this chapter, the next chapter focuses on the research methodology that has been used in this study.

# **CHAPTER 5**

## **RESEARCH DESIGN**

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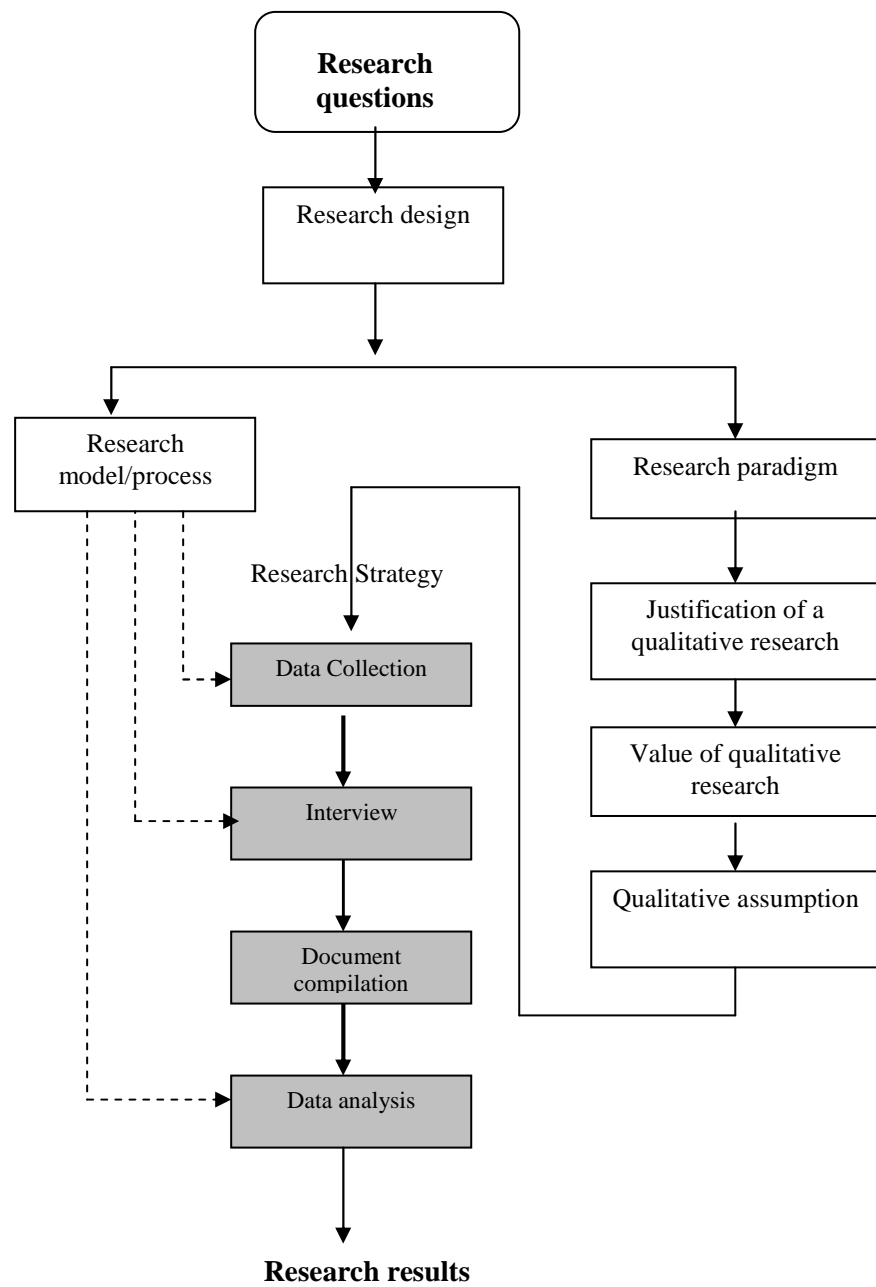
### **5.1 Introduction**

Chapter 1 provided the framework of the research problem. Chapter 2 reviewed the literature concerning boards of directors to provide an understanding the importance of the characteristics of members of boards of directors and their effectiveness. Following this, Chapter 4 provided the theoretical framework of this study. This framework enables an interpretive and comprehensive analysis of the characteristics of members of boards of directors and board effectiveness within the context of Malaysian PLCs.

This chapter discusses the research methodology used to explain the research approach, and methods of data collection and analysis used to investigate the research issues. This chapter comprises seven parts, as follows:

- 5.2 Research paradigm
- 5.3 Justification of qualitative research design
- 5.4 Source of data
- 5.5 Interview procedures
- 5.6 Data analysis
- 5.7 Rigour of the study
- 5.8 Summary

The model used for the research design and methodology of this study is shown in figure 5.1 below.



**Figure 5.1: Model used for research design and methodology in this study**

## 5.2 Research paradigm

All research is guided by a set of beliefs and feelings or paradigms about the world and how it should be understood and studied (Denzin & Lincoln, 2003). Three research paradigms that have been extensively used in qualitative research, include constructivism, critical theory and realism (Schwandt, 1994; Lincoln & Guba, 2003; Neuman, 2003; Flick et al., 2004). A summary of these paradigms is shown in Table 5.1

**Table 5.1: Summary of research paradigms**

Paradigm	Descriptions
Constructivism	<ul style="list-style-type: none"><li>• Postulates reality apprehended through the perceptions of individuals;</li><li>• researcher usually interacts with the subject being studied; and</li><li>• popular in qualitative research.</li></ul>
Critical theory	<ul style="list-style-type: none"><li>• Theory argues that social reality has multiple layers; and</li><li>• the researchers conduct research to critique and transform social relations.</li></ul>
Realism	<ul style="list-style-type: none"><li>• Assumes that there is an external reality that can only probably and partially be apprehended; and</li><li>• uses methodologies that are qualitative, including interviews and case studies.</li></ul>

Developed from Schwandt (1994), Lincoln and Guba (2003), Neuman (2003), Flick (2004).

Historically, a positivism paradigm has underpinned the techniques used by most corporate governance researchers. Based on this approach, the understanding of board members' characteristics can be quantified. Leblanc (2003), however, criticised this approach because it could only provide an outside view of boards, not what boards actually do. Hence, this paradigm does not allow a mechanism for drawing out any subtleties that may exist within boards of directors.

In this study, constructivism has been considered the most appropriate paradigm to incorporate multiple views and practices within board members' characteristics and board effectiveness. Given that boards of directors' issues are dynamic phenomena, what directors perceive of their board members' characteristics and board effectiveness may shape the effectiveness of the board and the corporation (Berghe & Levrau, 2004). Therefore, the best way to understand the board is to ask board members what they perceive about their boards, and then decide which variations of theory can explain such situations (Leblanc, 2003). In its simplest expression, the researcher has interacted with participants in this study to determine with precision how characteristics of the board members have contributed to the effectiveness of the board and the corporation.

### **5.3 Justification of qualitative research design**

There is a wide variety of approaches to assess certain aspects of people or groups of people including boards of directors. For the past decade, boards of directors have been extensively studied. However, the vast majority of the studies have relied upon quantitative data gathering techniques rather than qualitative. Many studies have examined whether characteristics of boards of directors are directly linked to financial performance or parameters of business success (e.g. Dalton et al., 1999; Bhagat & Black, 2002; Dalton et al., 2003; Belkhir, 2004; Abdullah, 2006; Dey & Chauhan, 2009). A recurring pattern within these studies is the importance of understanding and analysing various boards of directors' characteristics (size, composition and structure) as drivers of value within a firm. Offstein and Gnyawali (2006) claimed that academic researchers used financial analysis because it provides a true analytical understanding of firms' performance and the data is often applicable to all organisations in any industry sector. However, these types of studies have been criticised for focussing too much on financial data with no consideration given to issues that are not so easily identifiable, such as the impact of boardroom dynamics on the effectiveness of the board (Kakabadse, Kakabadse & Kaouzmin, 2001; Leblanc & Gillies, 2005). Furthermore, they have not described how a board actually works (Leblanc,



2003). Thus, financial analysis may neglect the individuality, complexity and variety in organisations (Offstein & Gnyawali, 2006).

Some scholars have overcome the limitations of quantitative research, however, by adopting qualitative techniques (Pettigrew & McNulty, 1999; Leblanc, 2003; Roberts et al., 2005; Levrau & Van den Berghe, 2007b), Leblanc (2003,) and Levrau and Van den Berghe (2007b) concluded that qualitative research into the nature of boards of directors can contribute valuable findings to a new research agenda for corporate governance and provide a better understanding of how a board works. For example, Leblanc (2003) used both personal interviews and observation to explore key characteristics of both individual directors and the board. These support the addition of qualitative research as a counter-balance to the traditional quantitative research undertaken on boards of directors. Therefore, to address the issue in this study within the context of Malaysian PLCs, a qualitative research approach has been chosen.

### **5.3.1 Value of qualitative research**

This study employs a qualitative approach, specifically a phenomenological approach, exploring various perspectives of effective members of boards of directors and board effectiveness. This research takes place in a natural setting, which is an essential characteristic of qualitative research (Marshall & Rossman, 2006). The phenomenological qualitative approach has been chosen because it offers techniques that are well-suited to understanding social and human problems and is based on building a framework formed with words that is conducted in a natural setting (Creswell, 1998). Moreover, this approach gives more attention to understanding board members' characteristics and board effectiveness in a holistic and meaningful way (Yin, 2003). This can be achieved using various qualitative approaches including in-depth interviews, observations and case studies, commonly referred to as critical, naturalistic, hermeneutic, interpretive, participatory or hymnological.

Most qualitative experts view this approach as referring to any kind of research that produces findings, not necessarily in terms of statistical procedures or quantification. Using a range of approaches, qualitative research allows the sharing of understandings and perceptions of others and exploration of how people give meaning to their daily lives, (Patton, 2002; Flick, Karfoff & Steinke, 2004; Silverman, 2005; Berg, 2007). This is captured in the following guidelines from Denzin and Lincoln (1998):

Qualitative research is multi method in focus, involving an interpretive, naturalistic approach to its subject matter. This means that qualitative researchers study things in their natural setting, attempting to make sense of, or interpret, phenomena in terms of the meanings people bring to them (p. 3).

In conjunction with Leblanc's (2003) and Roberts et al.'s (2005) suggestions, a qualitative approach is the best method to study boards of directors because it allows a social construction of reality. In this study, reality is viewed as socially embedded and existing within the mind of Malaysian PLCs' directors (Grbich, 2007). Therefore, the main data collection has involved gathering data from participants who recount anecdotes and describe situations that have greatly influenced their perceptions of boards of directors. This is viewed within a constructive paradigm, in which the reality of the characteristics of boards of director members and board effectiveness are believed to be constructed through social interaction within the language of the participants (Grbich, 2007).

The key concern in this qualitative research is to understand the situation called the 'emic' or 'insider' perspective of participants (Merriam, 1998). This has allowed me to get a better understanding of boards of directors' characteristics and board effectiveness, and draws attention to the process, meaning of patterns and structure of these issues. Moreover, this approach has been considered more appropriate in a rapidly changing environment in which new problems are emerging (Flick et al., 2004). Since no similar study has been undertaken in a Malaysian context, this study is exploratory. Here, the researcher is gathering new

ideas on the effective characteristics of members of boards of directors and board effectiveness of Malaysian PLCs (Yin, 2003).

### **5.3.2 Qualitative philosophical assumptions**

Four qualitative research philosophical assumptions developed by Guba and Lincoln (1994), Creswell (1998, 2007), Strauss and Corbin (1998), Merriam (1998) and Denzin and Lincoln (2003) that apply in this study are: (1) an ontological assumption of the nature of reality; (2) an epistemological assumption of the relationship of the researcher to the subject being studied; (3) an axiological assumption of the role of values or ethics in the study; and (4) a methodological assumption of the process of the research itself.

In this study, the ontological assumption concerns ‘the nature of reality’ of boards of directors in a Malaysian context. Here, multiple realities were found in four different sources of data: (1) the chairman; (2) the CEO; (3) the independent directors; and (4) the representatives of Malaysian corporate governance institutions and policy-making organisations. These groups of individuals view the characteristics of boards of director members through multiple constructs of reality.

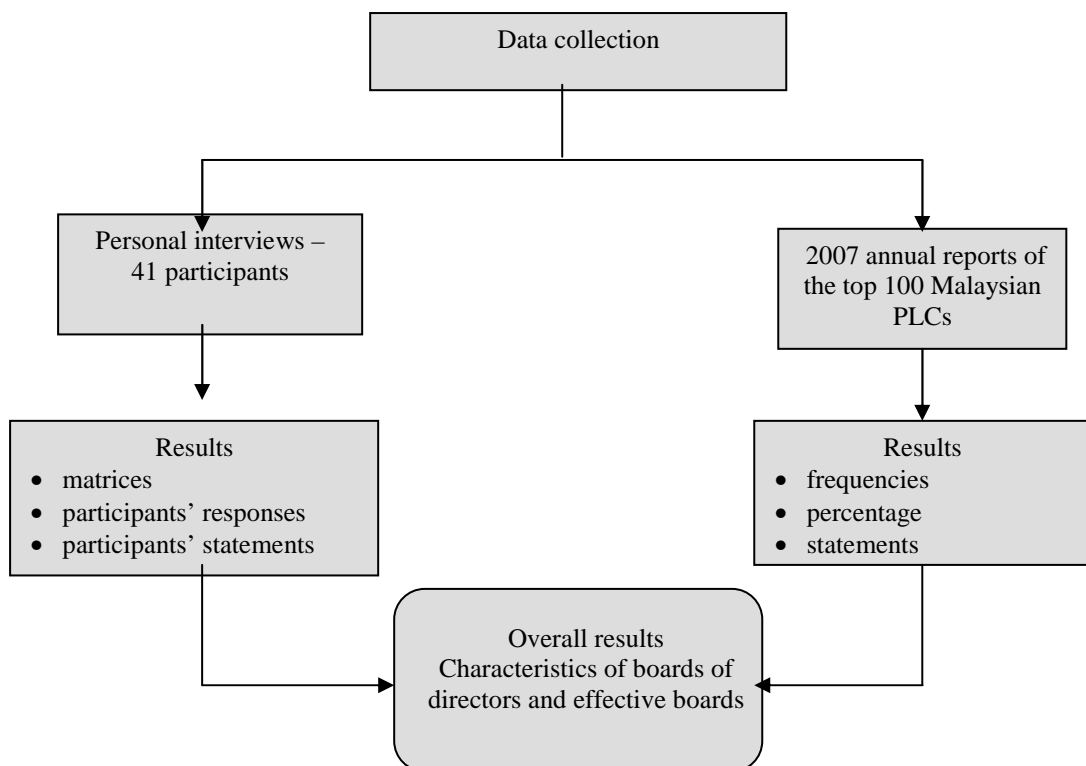
The epistemological assumption is that research is not value free, and so the knowledge of the researcher will affect the research. In this study, the researcher and participants create understanding through interaction. The procedures are set in ‘the nature of the companies’ without any artificial control by the researcher. Concerning ethical issues, the axiological assumption, and the interview questions only cover publicly available issues concerning members of boards of directors’ characteristics, while avoiding confidential topics.

In relation to the methodological assumption, in this study two data-gathering methods, including information gathered from interviews and document analyses, have been utilised. These have led to new interpretations of boards of directors’ characteristics and board effectiveness.

## 5.4 Source of data

In order to fully understand the characteristics of boards of directors' members, and board effectiveness of Malaysian PLCs, this study relies on two sources of data: personal interviews and document analysis (Figure 5.2).

Based on Figure 5.2, the two sources of data were personal interviews with 41 participants and data from 2007 annual reports of the top 100 Malaysian PLCs. It is important to provide one means of strengthening the validity of the data (Patton, 2002). Here, the data was captured from several sources to try to corroborate the same phenomenon as well as to increase the rigour of the study (Yin, 2003).



**Figure 5.2: Source of data (for identifying effective characteristics of Malaysian PLCs' boards)**

### **5.4.1 Personal Interviews**

Personal interviews are recognised as the most popular data collection technique in qualitative research (Punch, 1998; Patton, 2002; Silverman, 2006). Patton (2002) classified personal interviews as comprising three types: informal conversation interviews; guided interviews; and standardised open-ended interviews. The informal conversation interview is only considered appropriate if the researcher wants to explore an issue and gain more insight, such as understanding the behaviour of people (Punch, 1998). The guided interview enables the researcher to interview across a number of different people, in a systematic and comprehensive way, by delimiting in advance the issues to be explored (Patton, 2002). The standard open-ended interview can utilise a set of arranged questions, to allow the researcher to ask the same questions throughout the study, while allowing the participants of the study freedom to explain different aspects of the issues (Patton, 2002; Maxwell, 2005; Saunders, Thornhill & Lewis, 2007).

This study utilised standardised open-ended interviews as the main data collection method. Here, the participants were asked about the most important components of effective boards and individual directors. This allowed the researcher to capture a broad spectrum of views in relation to boards of directors of Malaysian PLCs. The interview schedule (see Appendix C) was developed based on extensive literature related to boards of directors and corporate governance. It covers five main topics with some subsections as follows:

- i. participants' backgrounds including their experience and how they became a company director;
- ii. general characteristics of board members that are essential for effective boards;
- iii. characteristics of the chairman/CEO/independent directors;
- iv. characteristics of effective boards of directors; and
- v. general opinions on Malaysian corporate governance scenarios.

Prior to fieldwork, ethics approval was obtained from the Victoria University Ethics Committee to ensure that the rights, liberties and safety of the participants would be preserved. In addition, an information sheet that explained the purpose of the study and ethical rules was prepared. This was attached to the letters sent to each participant (see Appendix D).

#### **5.4.2. Documentary data collection**

Based on the ideas of Cresswell (2007), various documents have been used to capture broader information concerning the characteristics of members of boards of directors and board effectiveness in Malaysian PLCs. Here, documents such as the 2007 annual reports of the top 100 Malaysian PLCs, media releases, speeches, handbooks, company manuals, codes of conduct, Malaysian Companies Acts and regulations, corporate governance guidelines, reports and seminar papers were collected. Following Lincoln and Guba's (1985) recommendation, these documents have been used for five reasons: (1) they are readily available at low cost; (2) they are a stable source of information; (3) they appear in the original; (4) they are legally unassailable, representing certain cases or records; and (5) they are not interactive as are human participants. Therefore, in this study documents were treated as social facts that produced data in their own right, and provided information about the identified members of boards of directors and board effectiveness.

Documents were obtained from two sources in the following ways:

- i. Frequent online information searches available from various Malaysian organisation homepages such as the Bursa Malaysia Website, various company websites, the Malaysian Securities Commission and others.
- ii. Collection of printed documents from five resource Centres in Kuala Lumpur including the Bursa Malaysia Library, Central Bank of Malaysia Library, Malaysian Institute of Corporate Governance (MICG) mini library, Malaysian Securities Commission (SC) Library and Malaysian Institute of Chartered

Secretaries and Administration (MAISCA); this was undertaken between December 2007 and March 2008, concurrent with carrying out the interviews.

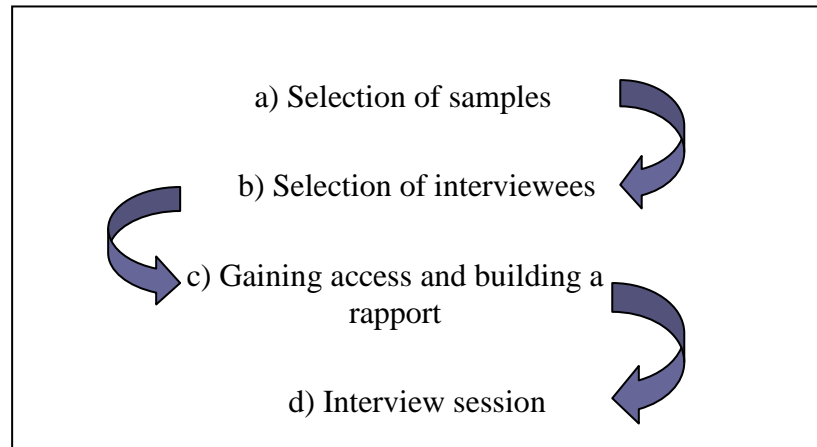
Table 5.2 summarises the types of documents selected and their sources.

**Table 5.2: Document collection and sources**

Document/data	Source
Annual reports for 2007 of the top 100 Malaysian PLCs	Bursa Malaysia and company websites
Reports and company practices	Publicly available information from various resource centres in Kuala Lumpur and various related websites
Malaysian corporate governance reports, rules and regulations	Publicly available information from various resource centres in Kuala Lumpur and various related websites
Comments from regulators and experts, and media coverage of Malaysian corporate governance	Malaysian agencies' websites, companies' websites, Bursa Malaysia website, Bank Negara website, Malaysian corporate governance institutions' websites

## 5.5 Interview procedures

This study adopted steps in the interview procedures based on Creswell (1998). Following the selection of a company, the participants to be studied were approached in order to arrange an interview session, as shown in figure 5.3.



**Figure 5.3: Interview procedures**

(Adapted from Cresswell, 1998)

### 5.5.1 Selection of samples

Creswell (1998) argued that the first step in the interview process is to find companies and participants to study. It is necessary to gain access and build rapport so that participants will provide quality data. As the aim of this study is to explore and determine the effective characteristics of members of the boards of directors and effective characteristics of the boards, only the top 100 Malaysian PLCs, based on the FTSE Bursa Malaysia Index<sup>23</sup> (Bursa Malaysia, 2007b) were chosen. The companies selected for analysis in this thesis are among the biggest companies in Malaysia; they are also recognisable in terms of their performance. The selection of sample used in this thesis is similar to other corporate governance studies (i.e., Abdullah, 2004; Levrau & Van den Berghe, 2007b; Van Ees et al., 2008).

Table 5.3 shows descriptions of the top 100 Malaysian PLCs based on industry sector and market capitalisation. From an industry sector perspective, the top 100

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<sup>23</sup> The FTSE Bursa Malaysia Index is a comprehensive range of real-time indices, which cover all eligible companies listed on the Bursa Malaysia Main Board introduced to Bursa Malaysia's investors in 2006. The indices are to measure the performance of the major capital segments of the Malaysian market. Further information is available on [http://www.ftse.com/Indices/FTSE\\_Bursa\\_Malaysia\\_Index\\_Series/index.jsp](http://www.ftse.com/Indices/FTSE_Bursa_Malaysia_Index_Series/index.jsp) or [http://www.klse.com.my/website/bm/market\\_information/index\\_components.html](http://www.klse.com.my/website/bm/market_information/index_components.html)



Malaysian PLCs included in the study have been classified into nine groups. Thirty-two companies were classified as the trading and services industry, fifteen companies were involved in the finance industry, twelve companies were involved in the industrial product industry, ten companies were from the plantation industry, nine companies were involved in the consumer product industry, eight companies were involved in the property industry, seven companies were from the construction industry, five companies were from the infrastructure and project cost industry, and only one company was from the technology industry. This distribution shows that the trading and services industry was the largest industry in Malaysia, followed by finance, industrial product and plantation.

**Table 5.3: Description of top 100 Malaysian PLCs based on industry sector and market capitalisation**

<b>No.</b>	<b>Industry sector</b>	<b>Number of company</b>	<b>Market capitalisation (RM 000)</b>
1	Trading & services	32	372,755,933
2	Finance	15	189,719,190
3	Industrial product	12	52, 526, 340
4	Plantation	10	92, 878, 112
5	Consumer product	9	50, 922, 046
6	Property	9	25,458,155
7	Construction	7	43,652,645
8	Infrastructure project	5	38,940,324
9	Technology	1	1,951,925
	<b>Total</b>	<b>100</b>	<b>868,804,670</b>

Note: Data drawn from Bursa Malaysia (2008b)

The total market capitalisation of the top 100 Malaysian PLCs in this study was almost RM9 billion (US 2.7 billion). About 65 per cent of the total market capitalisation was contributed by trading and services, and the finance industry. This implies that both industries were the leading industries in this study. A

detailed ranking, industry sector and market capitalisation of the top 100 Malaysian PLCs is exhibited in Appendix E of this study.

### **5.5.2 Selection of interviewees**

The second step in the interview process was to choose a sample of participants who were most suited to the study. Cresswell (1998) suggested sixteen sampling strategies for qualitative sampling decisions (see Appendix F). However, this study adopts only two types of sampling strategy: purposive and snowball sampling (Creswell, 1998). Purposive sampling was employed to enable the researcher to determine the main issues according to participants who could offer an extensive understanding of the topics (Babbie, 2002).

In addition, the snowball technique was employed. It is necessary because some participants were busy (Marshall & Rossman, 2006) and difficult to approach directly (Punch, 1998). Snowballing was based on the ideas of Saunders et al. (2007); three steps were employed, whereby:

- i. The researcher contacted one CEO and one chairman who had personal contact with the researcher, to conduct interviews.
- ii. Upon completion of the interviews, participants were asked to suggest other participants for the study; based on their suggestions, another three participants were interviewed; the chairman suggested two participants, while the CEO suggested one.
- iii. All participants were asked to suggest further potential participants for this study, however, none of the given names agreed to be interviewed. Finally, the researcher decided not to pursue the snowballing technique any further.

As the top 100 Malaysian PLCs were chosen based on the FTSE Bursa Malaysia 100 Index (Bursa Malaysia, 2007b), the main participants were the top 100 Malaysian PLCs' board members. However, this group consisted of only three categories of board members: chairman, CEOs and independent directors. In

addition, various representatives of Malaysian corporate governance institutions were also included as study participants, as they were involved in the development of Malaysian corporate governance. Marshall and Rossman (2006) considered individuals from such groups 'elite' because they are influential, prominent and well-informed, and usually hold higher positions in the company. Hence, they are very familiar with the legal structures of their company, which enables them to share company policies and planning (Marshall & Rossman, 2006). As they have in-depth knowledge of the subject, they can provide rich information for the study (Babbie, 2002).

In this study the participants' names, designations, addresses and contact numbers were obtained from Bursa Malaysia. Information about participants representing the various Malaysian corporate governance institutions was gained from the relevant websites. Using an Excel spreadsheet, the participants' profiles were checked to avoid redundancies resulting from multiple directorships so that participants were only representing one company. This process was completed between August and September 2007.

Concerning sample size in qualitative research, no consensus was found in the literature (Miles & Huberman, 1994; Merriam, 1998; Creswell, 2007). According to Creswell (2007), sampling decisions in qualitative research should not be based on large or small numbers of participants, but on the scope and the depth of the study. As Huberman and Miles (1994) pointed out:

Qualitative researchers usually work with small samples of people, nested in their context and studied in-depth..... Samples in qualitative studies are usually not wholly pre-specified, but can evolve once fieldwork begins (p 27).

In the literature, sample size in qualitative research ranged from a minimum of four (Holloway, 1997), to a maximum of 40 to 100 (Liamputtong & Ezzy, 2005). More importantly, according to Patton (2002) the sample size ought to be judged

within the context and purpose of the study, and should be realistic considering the availability of resources and, in particular, the researcher's available time.

In this study, the sample size was determined by two criteria: (1) the point at which the data was sufficient to reflect the dimensions of the study; and (2) it covered the range of participants deemed necessary for the study. These two factors can contribute to the meaningfulness of the research outcomes (Patton, 2002). With these considerations in mind, a total of 41 interviews were carried out with 10 chairmen, 12 CEOs, 11 independent directors and 8 representatives of Malaysian corporate governance organisations (see Table 5.4).

**Table 5.4: Category of participants interviewed**

Category of participants	Number
Chairman	10
CEOs	12
Independent directors	11
Representatives of Malaysian corporate governance organisations	8
Total	41

Based on suggestions of qualitative experts (e.g. Holloway, 1997; Patton, 2002; Liamputtong & Ezzy, 2005; and Creswell, 2007), the 41 participants in this study were sufficient to provide the rich information essential for rigorous qualitative research.

### ***Participants' descriptions***

To preserve the anonymity of the participants, only a summary of their backgrounds is presented in Table 5.5.

Participants were aged between 39 and 76 years, with an average age of 55.83 years. The independent directors' and chairman's ages were found to be slightly higher than those of the CEOs and the representatives of Malaysian corporate governance organisations. This implies that both the chairman and the independent directors in this study are the senior individuals in the Malaysian corporate sector.

The majority of the participants were men and only two participants were women; both representing Malaysian corporate governance organisations. A lower percentage of women participants in this study reflects the scarcity of female representation on the Malaysian PLCs' boards.

In terms of experience in corporate management, the chairmen were found to be the most experienced group of participants in this study with an average of 17.8 years' service. The independent directors, CEOs and representatives of Malaysian corporate governance organisations also had a substantial length of service in corporate management of between 9 and 11 years. These results imply that all participants in this study were experienced individuals.

In relation to ethnic groups, the majority of participants in this study were Malay.<sup>24</sup> Only five were Chinese directors and four Indian. Two reasons were identified for the low number of Chinese and Indian participants in this study. First, it was difficult to persuade Chinese directors to participate in this study. Although 60 letters were sent to Chinese directors, the majority of them were not interested in participating, as they were too busy or not willing to disclose information about their companies. In the case of Indian directors, the number was low due to a low percentage of Indian directors appearing in the top 100 Malaysian PLCs boards. In terms of educational background, the majority had

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<sup>24</sup> Article 160 (2) of Federal Constitution of Malaysia (2006) defined Malay as a person who professes the religion of Islam, habitually speaks the Malay language, conforms to Malay custom and:

(a) was before Merdeka Day born in the Federation or in Singapore or born of parents one of whom was born in the Federation or in Singapore, or is on that day domiciled in the Federation or in Singapore; or  
(b) is the issue of such a person;

financial or accounting qualifications. In fact, of the twelve CEOs in this study, nine were professional accountants. In addition, many participants possessed economic, engineering or law qualifications.

**Table 5.5: Participants' demographic characteristics**

Demographic characteristics	Participants			
	Chairman (N=10)	CEO (N=12)	Independent director (N=11)	Others (N=8)
<b>1. Age (years)</b>				
Mean	61	47	62	54
Minimum	53	39	44	42
Maximum	69	55	76	64
<b>2. Gender</b>				
Male	10	12	11	6
Female	0	0	0	2
<b>3. Experience in corporate management (years)</b>				
Mean	17.8	9.2	10.9	11.3
Minimum	12.0	6	6	4
Maximum	37.0	16	16	20
<b>4. Ethnic group</b>				
Malay	9	9	8	6
Chinese	1	2	1	1
Indian	0	1	2	1
<b>5. Types of educational qualification</b>				
Accountancy	1	9	2	2
Engineering	2	2	2	-
Economy	3	0	1	2
Business studies	0	0	0	1
Law	1	1	0	3
Agriculture	1	0	0	0
Defence study	1	0	1	0
Art (social science)	1	0	3	0
Public administration	0	0	1	0
Science	0	0	1	0

Note: Data drawn from the interviews with 41 participants in this study

Based on the participants' demographic characteristics, all participants in this study were considered highly experienced in the Malaysian corporate environment and competent individuals.

### **5.5.3 Gaining access and building rapport**

The third step of the interview process was to gain access to the company and establish rapport with its directors. In this step, participants were contacted both formally and informally. First, between November 2007 and February 2008; 230 letters (see Appendix D) were sent to directors of the top 100 Malaysian PLCs and various corporate governance institutions in Malaysia. In these letters, the background of the study and its academic purpose were emphasised. Prior to requesting an interview, follow-up phone calls were made to gain potential 'interviewees' verbal consent to participate and negotiate suitable times for interviews. This resulted in 30 agreements, which is a satisfactory response for a qualitative study.

### **5.5.4 Interview sessions**

The interviews for this study were conducted between 1 December 2007 and 28 March 2008, and took place at the participants' offices located at four cities in the Klang Valley: Kuala Lumpur, Petaling Jaya, Shah Alam and Putra Jaya (the capital city of Malaysia). Each interview lasted approximately 40 to 90 minutes. Interview responses to each question on the interview schedule were recorded. Due to the confidential agreement between the participants and the researcher, participants' names were not disclosed. In addition, all participants were given opportunities to withdraw from the interview at any time. Fortunately no participant took up this option, and all participated willingly.

## **5.6 Data analysis**

Data analysis was approached as an iterative and interpretive process while collecting data from interviews such that it involved creating, testing and modifying analytic categories (Saunders et al., 2007). The purpose of qualitative data analysis is to search for meaning in relation to the research purpose or questions (Stephens, 2009).

However, because there are no general rules of data analysis in qualitative research, Patton (2002) advocated that qualitative data analysis needs to be creative and rigorous and that it requires intellectual discipline and a great deal of hard work. Miles and Huberman (1994) warned of a chronic problem in qualitative research due to the use of words that have multiple meanings. Hence, the researcher has paid particular care in ascertaining the exact meaning at all times. For example, Stephens (2009) described that data analysis in qualitative research has to be concerned with three important aspects: relationship between theory; meaning in relation to data generated; and meaning in relation to setting and context. Therefore, Grbich (2007) suggested that data analysis has to be undertaken based on research needs. She also suggested that qualitative data analysis could be conducted at two different points in time:

- i. Preliminary data analysis which is an on-going process undertaken every time the data is collected. The advantage of preliminary data analysis is that it enables the researcher to make earlier corrections to adapt into a new research condition (Miles & Huberman, 1994). However, this may also consume more time as the research scope has to be aligned with the new findings and applies if the researcher has sufficient time (Grbich, 2007).
- ii. Thematic analysis is conducted prior to completion of the data collection (Grbich, 2007). This analysis is more applicable for qualitative research that uses a systematic and predetermined framework (Grbich, 2007).

### **5.6.1 Data from Annual reports**

The first activity was to analyse the data captured from the annual reports 2007 of the top 100 Malaysian PLCs. Here, four types of data were analysed:

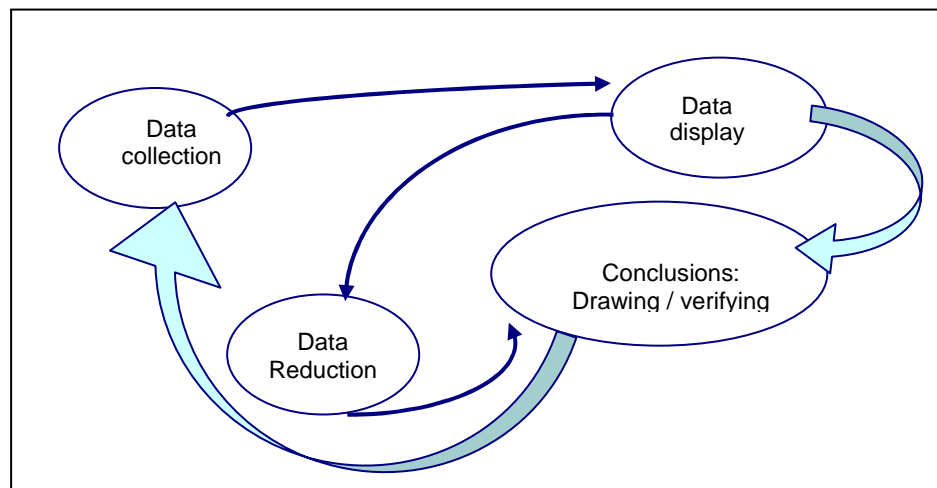


- i. The top 100 Malaysian PLCs' companies' backgrounds including their category of business classified by Bursa Malaysia, their market capitalisation and their ownership structures.
- ii. The composition and structure of the boards of directors.
- iii. Demographic profiles of the individual directors, including age, gender, race, educational qualification, multiple directorships and years of experience.
- iv. Demographic profiles of the chairman, CEOs and independent directors.

Microsoft Excel was used to create databases of the top 100 Malaysian PLCs' backgrounds, board members' characteristics and overall board characteristics.

### 5.6.2 Data from interview

Based on Grbich (2007), data from the interviews was analysed after the data collection was completed. Following this, the data was organised and interpreted into three concurrent flows of activity based on Miles and Huberman's model (1994): data reduction; data display; and conclusion drawing/verification (Figure 5.4).



**Figure 5.4: Components of data analysis: interactive model**

Source: Miles and Huberman (1994, p.12)

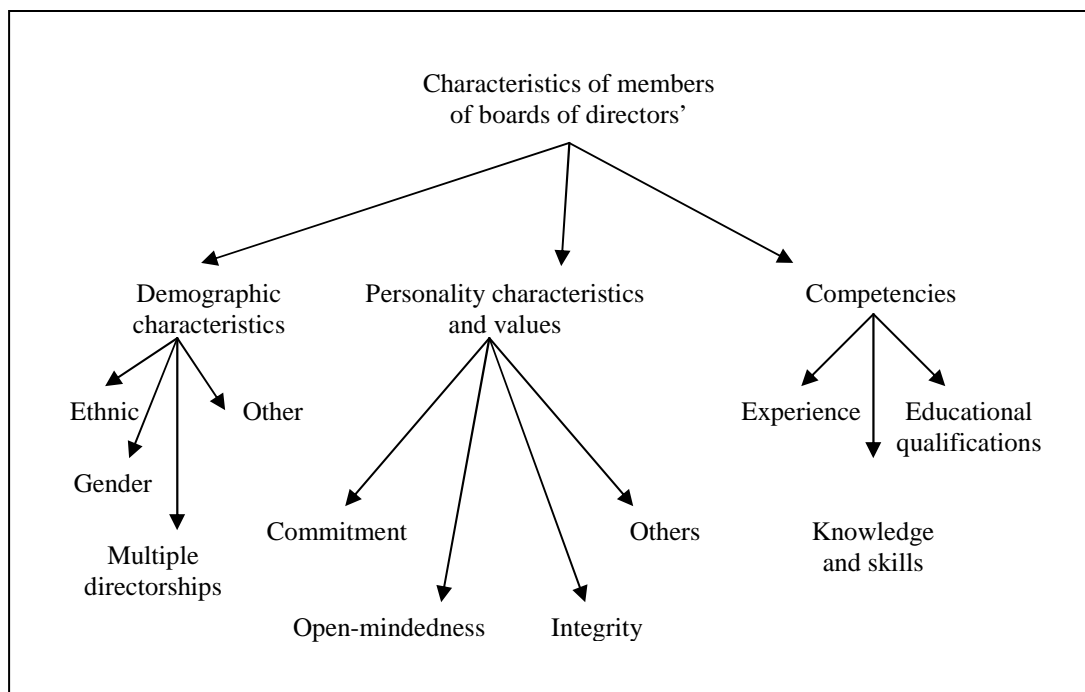
The initial stage (data display) required ‘reading the data’ (Stephens, 2009) to construct the profiles of the overall findings, as well as to find relationships between them. In this process, the first stage was the analysis of data from the interviews. This included notes on statements from the participants, which were recorded at the time of interviews. The interview data was not fully transcribed. Instead, only relevant statements were cited from individual participants. The data was processed using Excel Spreadsheet for identification of the thematic framework (coding) data analysis techniques suggested by Miles & Huberman, (1994).

The second activity, data reduction, included the process of deleting, focusing, simplifying, abstracting and transforming data that appeared in written-up field notes and transcriptions (Miles & Huberman, 1994). The purpose of this process was to allow the data to be understandable more readily, and to draw the various themes and patterns of the study together (Berg, 2007). In this process a coding list was developed, based upon the literature on the boards of directors (as identified in Chapter two and five), and complemented with the themes that emerged during data analysis, such as various patterns occurring in characteristics of boards of directors’ members (such as personality characteristics, competencies and others) and board effectiveness (memberships, structure, roles, behaviours and others). All relevant statements were grouped and placed in a table with categories identified in the literature using the block and file approach (Grbich, 2007). An example of the process data is shown in Table 5.6 and Appendix G. By viewing narrative extracts on the spreadsheet further meanings of data and phrases were discovered.

**Table 5.6: An example of data displays for block and file approach.**

Participants	Director personal characteristics	Knowledge & Skills	Board effectiveness
Chairman	<p>The most important characteristics are those that particularly add value to the company, for example, good working with the government to secure the job and good networking.</p> <p>To be honest, it is easier for me to become an ordinary director than the chairman because the chairman needs to have all good characteristics. You have to be open minded, highly experienced, calm, good communication skills and many other traits. It is not an easy job.</p>	<p>Business knowledge, especially international business, business negotiation. Legal knowledge Financial knowledge.</p> <p>Analytical thinking because PLC business activities are quite complex. Technical skills (just to know company core business).</p>	<p>The board members must be a mixture of diverse backgrounds that are relevant to the company activities. The chairman must be a good leader who is able to smooth the functioning of the board, determining the board-meeting schedule. Overtime we do not want a board where only the chairman speaks or controls the other board members. Today yes-man board is over. The board must have members who are very objective with clear roles and responsibilities.</p>
CEO	<p>Must be somebody who can work with other people, experienced, especially in regards to PLC business, not too old or too young because younger directors tend not to be patient, while old directors are not always risk takers and not ambitious. Therefore, there has to be a balance of ages.</p>	<p>There no specific skills. General directors should have good communication skills – listening and speaking skills. These skills are part and parcel of every board meeting. Good listening skills will enable them to understand the issue in a clear picture, while speaking skills enable them to respond clearly to the issue if they want to.</p>	<p>The members of the board comprises competent individuals with complementary skills, diverse backgrounds that are relevant to the company. One of the examples I can say is my board because we have multi disciplinary people; we have accountants, lawyers, engineers, It is expert. This blend makes our board a good board.</p>
Independent Directors	<p>The person must be professional in terms of experience, knowledge and skills. The person must also be the kind of person who is very well off himself.</p>	<p>To me there are three types of knowledge; knowledge about the industry, the business and the company. If you blend them together, you will become good directors.</p>	<p>The board that has a mixture of people. The mixture of people ensures that when there is a need to look at some issue to solve a problem, you have a director that is expert in that particular area, who can provide the ideas for a solution for that problem. This is called having the right of people. Other thing, good boards are always clear in what they are doing, with a clear role and responsibility and know their job very well, and not too much reliance on the management to perform their job.</p>

Following this, a data display was created to provide a simpler and more flexible picture of issues emerging from interviews (Grbich, 2007; McCabe, 2008). In this study, the data was displayed in three forms; checklist matrices (Miles & Huberman, 1994), histogram (frequency of responses) and conceptual mapping (Grbich, 2007). First, the data from the block was allocated to categories and subcategories based on the theoretical framework outlined in Chapter 4. The characteristics that related to similar themes, were entered as ‘main characteristics’ and ‘sub-characteristics’. These characteristics were then displayed as a conceptual mapping (see Figure 5.5). This process was done to enable a full understanding of the study.



**Figure 5.5: Conceptual mapping of members of boards of directors' characteristics**

(Adapted from Grbich, 2007; McCabe, 2008)

Upon completion, the next step was to construct the findings based on presentation matrices (Miles & Huberman, 1994). From the matrices presented, the researcher reviewed patterns of characteristics of board members and board effectiveness. These patterns then contributed to understanding the responses given by participants. This was drawn up mainly to discover the most important

characteristics of each issue. An example of tabular presentation of matrices is shown in Table 5.7 and Appendix H.

**Table 5.7: An example of presentation matrices in this study -  
(Personality and values of effective directors - Ten chairmen's points of view)**

No	Characteristics	1	2	3	4	5	6	7	8	9	10
1	Experience in business and corporate management				✓	✓	✓	✓	✓	✓	✓
2	Possess relevant qualification	✓							✓		✓
3	Possess relevant knowledge and skills	✓	✓		✓	✓	✓	✓		✓	
4	open minded		✓					✓			
5	Good networking with the government			✓							
6	Positive thinking										
7	Good relationship with the management and other board members				✓	✓	✓				
8	Ambitious, motivation, energetic					✓					
9	Committed & hardworking		✓		✓						
10	Integrity						✓				
11	humble										
12	Honest, sincere,										

The final activity involved drawing conclusions from the study. I call it the phenomena-context. This process involved matching analysis to the outcomes. The basis for this process is through using the description of the characteristics of board members and the effectiveness criteria. Based on the theoretical framework in Chapter 4 the responses that related to similar themes were classified as four characteristics: (1) right memberships; (2) right culture; (3) clear roles; and (4) right structure and procedures. Based on Levrau and Van den Berghe (2007a) a basic form of counting during the analysis process was also used. The most frequently mentioned were ranked according to the total number of interviewees who spontaneously mentioned that component as being important to the effectiveness of the board. This was done so that a justified conclusion could be drawn from this study.

## 5.7 Rigor of the study

Challenges to rigor in qualitative inquiry interestingly paralleled the blossoming of statistical packages and the development of computing systems in quantitative research. Simultaneously, lacking the certainty of hard numbers and p values, qualitative inquiry expressed a crisis of confidence from both inside and outside the field. Rather than explicating how **rigor** was attained in qualitative inquiry, a number of leading qualitative researchers argued that reliability and validity were terms pertaining to the quantitative paradigm and were not pertinent to qualitative inquiry (Altheide & Johnson, 1998; Leininger, 1994). Some suggested adopting new criteria for determining reliability and validity, thus, ensuring rigor in qualitative inquiry (Lincoln & Guba, 1985; Leininger, 1994; Rubin & Rubin, 1995).

In this regard, Lincoln and Guba (1985) substituted reliability and validity with the parallel concept of "trustworthiness", containing four aspects: credibility, transferability, dependability, and confirmability. Within these were specific methodological strategies for demonstrating qualitative rigor, such as the audit trail, member checks when coding, categorizing, or confirming results with participants, peer debriefing, negative case analysis, structural corroboration, and referential material adequacy (Guba & Lincoln, 1981; 1982; Lincoln & Guba, 1985;). In this study, four elements of trustworthiness – credibility, transferability, dependability and comfirmability – as identified by Lincoln and Guba (1985), and Denzin and Lincoln (2000), were applied.

First is credibility of the study. Credibility corresponds to internal validity in qualitative research (Guba & Lincoln, 1982). The credibility criterion involves establishing that the results of qualitative research are credible or believable from the perspective of the participant in the research, i.e. whether the question reflects the reality of the study or not (Punch, 1998). In this study, discussion with the principal and co-supervisors was undertaken regularly to ensure that the findings are believable/plausible.

Second is transferability. Transferability means that the results of this study can be transferred to other contexts or settings (Lincoln & Guba, 2003). In this study transferability was obtained using two procedures: comprehensive literature of the research context; and feedback from corporate governance experts. Here, the scope of the study was determined based on extensive literature. Prior to the interview sessions, discussion with the CEOs of the MCCG and the MSWG had already been done. The discussion provided an enhancement to the interview questions. Therefore, the processes and outcomes of this study can possibly be adopted by other researchers in new settings.

Third is dependability. Dependability, emphasises the need for the researcher to account for the ever-changing context within which the research occurs. The researcher is responsible for describing the changes that occur in the setting and how these changes affected the way the researcher approached the study (Punch, 1998). In this study, the researcher constructed various research questions to identify the effective characteristics of members of the boards of directors and their boards. In addition, using the standard open-ended interview questions suggested by Patton (2002), the researcher obtained relevant results throughout the study.

Finally is conformability. Conformability refers to whether the results of the research can be confirmed or corroborated by others (Punch, 1998; Denzin & Lincoln, 2000). This concept means that the results of the study are not an outcome of the biases and subjectivity of the researcher. There are a number of strategies for enhancing conformability. The researcher can document the procedures for checking and rechecking the data throughout the study. Another researcher can take a "devil's advocate" role with respect to the results, and this process can be documented (Denzin & Lincoln, 2000). The researcher can actively search for and describe any *negative instances* that contradict prior observations. In addition, after the study, one can conduct a *data audit* that examines the data collection and analysis procedures and makes judgments about the potential for bias or distortion (Patton, 2002).

Subsequently, in this study, two sources of data – interviews and data for 41 participants, and data from 2007 annual reports of the top 100 Malaysian PLCs – were used to obtain broad and specific characteristics of board members and effective boards (Merriam, 1998). Furthermore, the involvement of various groups of participants including chairman, CEOs, independent directors and representatives of Malaysian corporate governance organisations, strengthened the conformability of this study. In addition, the three stages of audit trails proposed by Lincoln and Guba (2000), including data assembling, initiating, process and reaching agreements, were implemented. The data was analysed in detailed processes based on the framework and theories established in the literature review. This enabled the researcher to discuss and draw conclusions for the findings of the study.

## **5.8 Summary**

This chapter provided an account of the rationale for the choice of research methodology in this study. It began with justification of the qualitative approach to find meanings constructed by individual participants in this study. Thus, research design and methods used to collect and analyse the data were shown to be appropriate to the study. The data-gathering methods including interviews and document analyses were also outlined. Then, the data analysis processes were discussed, involving a series of steps based on Miles and Huberman's model (1994). Finally, rigour was justified by showing how this study provided different methods for assessing members of boards of directors' characteristics and board effectiveness. The following chapter reports the findings of the study.



# **CHAPTER 6**

## **RESULTS 1**

### **CHARACTERISTICS OF MEMBERS OF BOARDS OF DIRECTORS<sup>25</sup>**

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#### **6.1 Introduction**

The purpose of this chapter is to report the first results from this study of the characteristics of members of boards of directors of the top 100 Malaysian PLCs including directors, chairmen, CEOs and independent directors. Interviews with 41 participants, together with data from the year 2007 annual reports of the top 100 Malaysian PLCs are central to this chapter. The structure of this chapter is as follows:

- 6.2 Presentation of research results
- 6.3 Directors' characteristics
- 6.4 Chairman's characteristics
- 6.5 CEOs' characteristics
- 6.6 Independent directors' characteristics
- 6.10 Summary

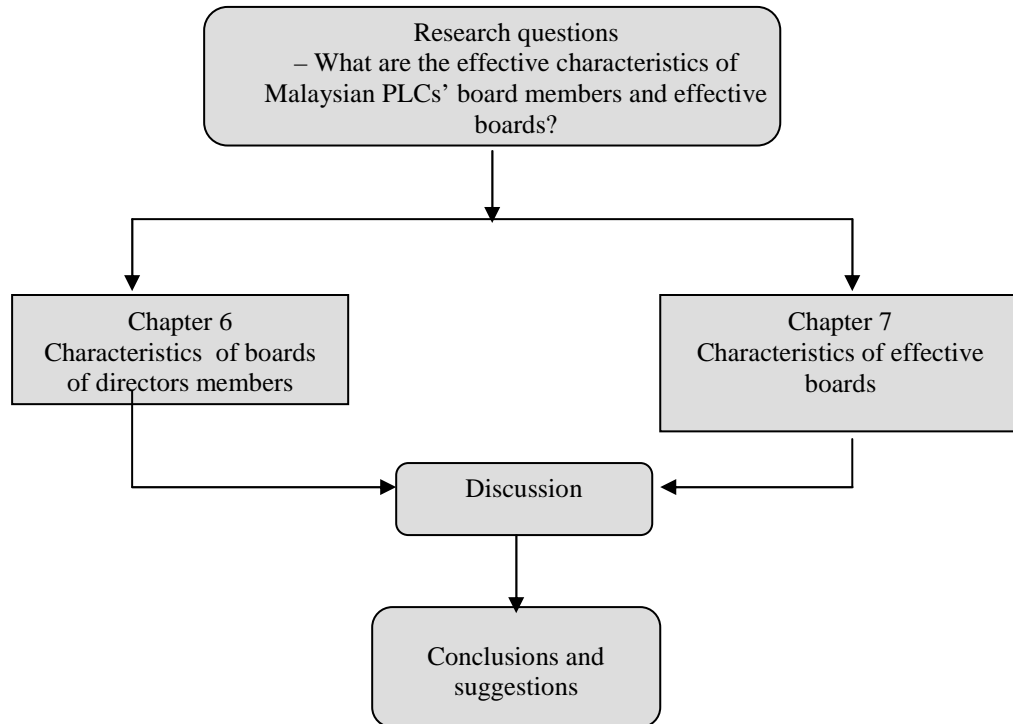
#### **6.2 Presentation of research results**

Based on data obtained from the year 2007 annual reports of the top 100 Malaysian PLCs and interviews with 41 participants, the results of the study are divided into two chapters. This chapter reports on the characteristics of board members including directors, chairman, CEOs and independent directors (ID). Chapter 7 reports on the characteristics of effective boards. Chapters 8 and 9

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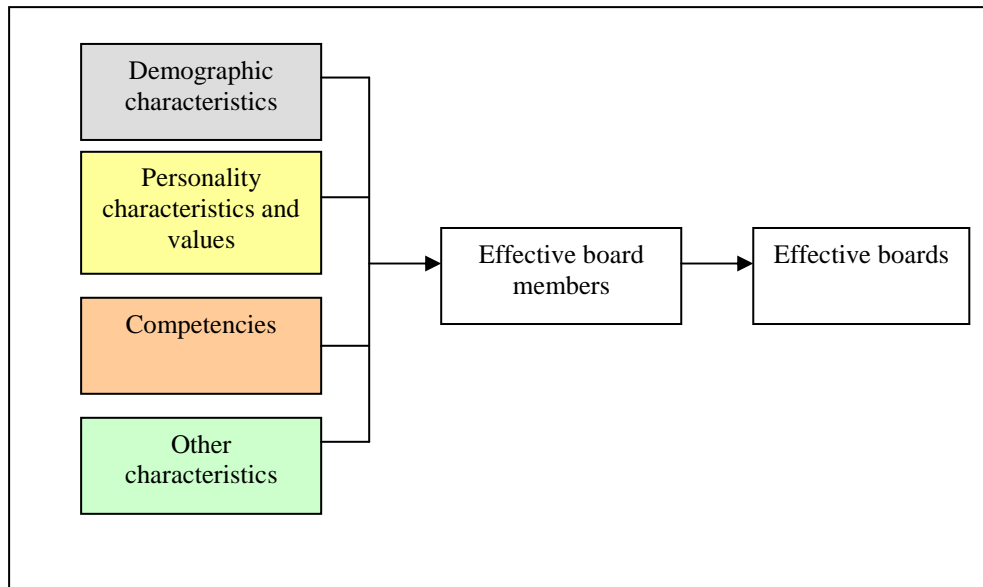
<sup>25</sup> Part of this chapter was reworked into a conference paper and presented at the Ninth International Business Research Conference, 24 to 26 November 2008, Novotel Hotel, Melbourne, Australia, and published in the conference proceeding by World Business Institute, Australia, ISBN: 978-0-9804557-0-3.

provide discussion and the conclusion of the study. These chapters are illustrated in Figure 6.1.



**Figure 6.1: Overview of the research results**

In this chapter, the characteristics of members of boards of directors are presented. Based on the theoretical framework in Chapter 4, the characteristics disclosed were classified into three groups: (1) demographic characteristics; (2) personality characteristics and values; and (3) competencies. However, being a qualitative study, characteristics were not limited to the identified characteristics. Other new characteristics were also included. Figure 6.2 shows the four groups of characteristics identified in this study.



**Figure 6.2: Four groups of characteristics of members of boards of directors**

As this study aims to determine the pattern of characteristics, only the important points mentioned by the participants were recorded by the researcher. Hence, only relevant participants' quotes were recorded fully to support the evidence for characteristics and the theoretical framework of this study. These quotes are presented in *italics*.

In the first section, overall characteristics of directors are reported, followed by the characteristics of chairmen, CEOs and independent directors.

## 6.3 Directors' characteristics

To be effective, many studies have documented that boards of directors should comprise a mixture of directors with different personalities, education, occupation and functional backgrounds (Forbes & Milliken, 1999; Westphal & Milton, 2000; Leblanc, 2003; Levrau & Van den Berghe, 2007b). In this regard, the following sections report on four groups of characteristics that were found to be important for the effectiveness of Malaysian PLCs in this study. These characteristics include: demographic characteristics; personality characteristics and values; competencies, and networking with the government.

### 6.3.1 Demographic characteristics

Demographic characteristics refer to the observable attributes of individuals (Pfeffer, 1983) and each aspect of demographic characteristics has been argued to have complex effects on board performance (Forbes & Milliken, 1999). In the case of Malaysia, one participant argued that because Malaysia is a multicultural country, the characteristics of Malaysian PLCs boards are quite diverse. This was specifically mentioned by one participant of this study:

*...because Malaysia is multiracial country; the compositions of the boards are quite diverse. I don't think such composition occurs in other developed countries' boards (Chairman).*

This study discovered that the majority of Malaysian PLCs' directors in this study had varied backgrounds in terms of their ages, gender, tenure, ethnic groups and number of directors' positions.

In this section, directors' demographic characteristics are summarised to avoid redundancy due to multiple directorships. A detailed profile of the top 100 Malaysian PLCs' directors is provided in Appendix I. These backgrounds are reported in the following sections.

**Gender.** In Malaysia, although women account for 45 per cent of the Malaysian workforce (Economic Planning Unit, 2007), in this study very few women held

positions in the top 100 Malaysian PLCs' boards. Hence, board members in this study appeared to consist of male directors. This study found that only six per cent of Malaysian PLCs' directors were women (see Table 6.1).

**Table 6.1: Directors' gender**

<b>Gender</b>	<b>Frequency</b>	<b>Percentage</b>
Male	634	94%
Female	40	6%
Total	674	100%

Of these few the majority of women were Malay, and the other substantial group were Chinese. However, none of these were company chairmen and only three women were CEOs (Plus Expressway Berhad, Public Bank Berhad and TA Enterprise Berhad). In addition, the majority of them were retired government officers and or were NEDs (refer to Table 6.2).

**Table 6.2: Composition of women directors of top 100 Malaysian PLCs**

<b>Characteristics</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Ethnic group</b>		
Malay	24	60
Chinese	14	35
Indian	2	5
<b>Position</b>		
CEO	3	8
Executive director	5	13
NEDs (independent)	9	23
NEDs	23	58

Despite the low percentage of women directors found in this study, some participants believed that women could add great value in terms of the qualities that they can bring to the board, particularly in regard to boardroom discussions. It was pointed out that:

*Women bring a different orientation to debate and discussion, which I think is very useful for the board (Chairman).*

*Having women on the board as opposed to all male, totally changes the dynamics of the board (CEO).*

**Ethnic group.** Many studies have documented that a higher representation of a broader community on boards of directors provided more expertise and experience to boards of directors (Carver, 2002; Walt & Ingley, 2003). However, in the case of Malaysia, this study found that Malay and Chinese directors dominated the composition of Malaysian PLCs' boards.

This is shown in Table 6.3, with 48 per cent and 41 per cent, respectively. However, the majority of Malay directors occupied a large number of GLCs' boards (e.g. Sime Darby Berhad, Tenaga Nasional Berhad, Telekom Malaysia Berhad, and Maybank Berhad) In contrast, Chinese directors dominated companies that were owned by Chinese shareholders (e.g. IOI Berhad, Genting Berhad, Public Bank Berhad, Berjaya Corporation Berhad, and Hong Leong Finance Berhad).

The percentages of other ethnic groups on Malaysian PLCs' boards were found to be very low. For example, Indians, although the third largest population in Malaysia, represented only four per cent of the top 100 Malaysian PLCs' directors. In fact, the proportion was lower than the composition of foreign directors (7%). In the case of foreign directors, the majority of them were directors of foreign companies such as Digi Com Berhad, British American Tobacco (M) Berhad (BAT), Lafarge Malayan Cement Berhad and Shell Refining Company Malaysia Berhad.

**Table 6.3: Directors' ethnic group**

<b>Ethnic group</b>	<b>Frequency</b>	<b>Percentage</b>
Malay	323	48
Chinese	275	41
Indian	27	4
Foreigner	49	7
Total	674	100

**Tenure.** Directors' tenure in a particular company ranged from only one month to a maximum of 43 years. The average director's tenure of any particular company in this study was 7.69 years. However, a large percentage of them (60.1%) had less than six years tenure within a particular company (see Table 6.4).

**Table 6.4: Directors' tenure**

<b>Tenure</b>	<b>Frequency</b>	<b>Percentage</b>
Less than 3 years	172	25.5
3 to 6 years	233	34.6
7 to 9 years	71	10.5
10 to 13 years	76	11.3
14 to 16 years	29	4.3
17 to 20 years	32	4.7
21 to 23 years	24	3.6
24 to 26 years	11	1.6
More than 26 years	26	3.9
Total	674	100

Mean = 7.69 years

Min = 0.1 years

Max = 43 years

In addition, almost four percent (26) of them had held their positions within a particular company for more than 26 years. As shown in Table 6.5, the majority of these were Chinese directors. Only ten Malay directors had more than 26 years of tenure in their companies. This implies that Chinese directors have longer tenure than other ethnic groups on Malaysian PLCs boards.

**Table 6.5: Directors who had served more than 26 years in their firms according to ethnic group**

<b>Ethnic groups</b>	<b>Frequency</b>
Malay	10
Chinese	16

**Age.** Concerning directors' ages, two participants explained that a diverse age range in directors was needed to enable Malaysian PLCs to balance the composition of their boards. It was explained by two participants in this study:

*It is good to have younger directors on the board, because they have high motivation and high vision. However, it would become very dysfunctional if the board was fully occupied by the new younger directors (Independent Director).*

*We need to have senior directors to balance the board composition. The senior director becomes a wise man (Chairman).*

Based on participants' points of view, they can contribute effectively to the board. For example, younger directors tend to be highly motivated and ambitious and, thus, they have more desire to explore new ventures for the future of a company. The senior directors instead tend to serve as guardians to oversee the company. Therefore, both can contribute to effective boards.

In this study, it was found that the average age of directors was 58 years with about 69 per cent being aged between 51 and 70 years. The oldest director was 86 years,



the independent director of Plus Expressway Berhad, while the youngest director was 27 years, the executive director of Hong Leong Finance Group Berhad. Another interesting feature is that almost nine per cent of directors in this study were aged more than 70 years (i.e. more than the age limit imposed by the Malaysian Companies Act 1965 (see Table 6.6).

**Table 6.6: Directors' age groups**

<b>Age groups</b>	<b>Frequency</b>	<b>Percentage</b>
Below 40 years	18	2.7
41 to 50 years	133	19.8
51 to 60 years	266	39.5
61 years to 70 years	196	29.1
Above 70 years	60	8.9
<b>Total</b>	<b>673</b>	<b>100</b>

Mean 57.64

Min 27

Max 86

Note: one record not found.

In relation to ethnic group, the Malay, Chinese and Indian directors were found to have a similar age average, i.e. between 57 and 59 years (Table 6.7). The foreign directors, however, were found to be slightly younger than other ethnic groups with an average age of 51.8 years. These results imply that although directors of the top 100 Malaysian PLCs had a range of ages (from 27 years to 86 years), their average ages were found to be quite similar across ethnic groups with less than 60 years.

**Table 6.7: Directors' ages according to ethnic group**

<b>Ethnic group</b>	<b>Average age</b>
Malay	59.37
Chinese	57.04
Indian	59.07
Foreigner	51.8

***Number of directorships.*** To ensure that directors of Malaysian PLCs focus on their roles, in early 2002 the Malaysian Government restricted the number of directorships of Malaysian companies' directors. Under the KLSE Listing Requirements, directors, individually, could hold no more than 25 directorships (10 for listed companies and 15 for limited companies).

In this study, some participants pointed out that holding multiple directorships enables directors to obtain three advantages. It allows: more business experience; business networking; and knowledge across companies:

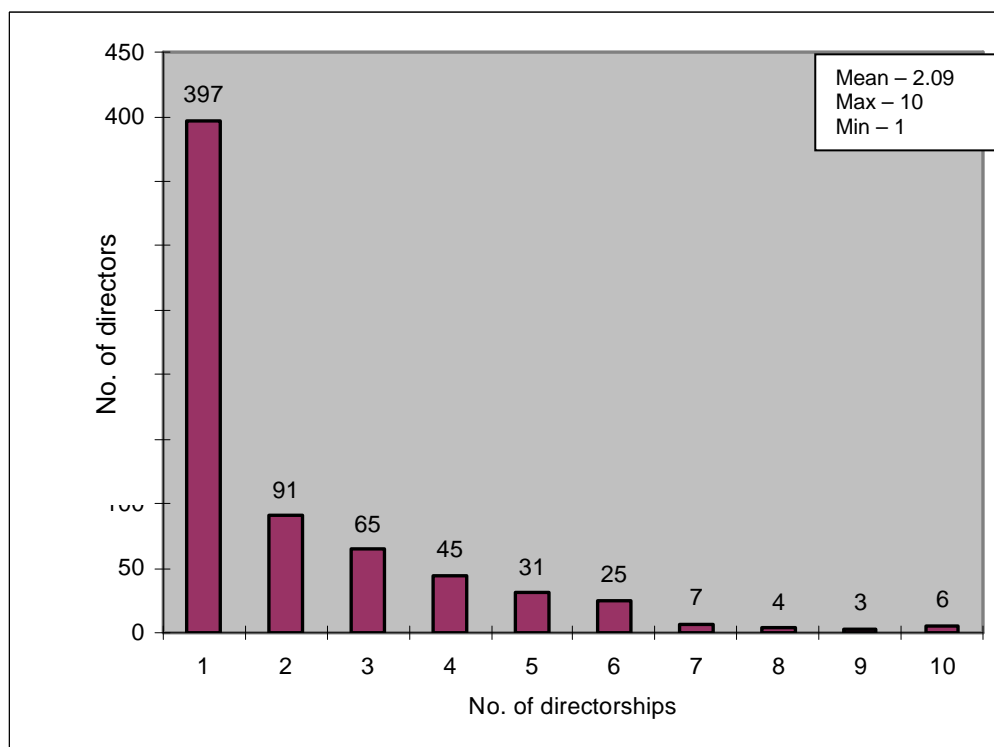
*The director can get more experience and business networking (Chairman).*

*You tend to know more about company management, especially the current rules and regulations (CEO).*

*I am a director of three listed companies. To me, apart from getting more business knowledge, I can establish business networks with other directors (Independent Director).*

Following these views, this study discovered that holding multiple directorships was quite common among Malaysian PLCs' directors. From the evidence in Figure 6.3, the number of directorships held by directors in this study ranged between one and ten positions, with an average of 2.16. More than three-quarters of directors in this study held one to three director positions. Based on Fich and Shivdasani (2006), and Liu and Chyan (2008) this figure is considered low, however, it prevents them from becoming too busy and, thus, they may be more committed to their jobs.

Although six directors in this study held ten director positions, the majority of them were directors of holding companies (e.g. YTL Group; IOI groups and Genting Group) (see Table 6.8). Detailed information about multiple directorships, according to individual directors, is exhibited in Appendix I.



**Figure 6.3. Number of directorships held by directors**

Note – including current board

**Table 6.8: Example of cross-directorships of three holding companies**

Directors	YTL Group	
	YTL Power	YTL Corporation
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	✓	✓
Tan Sri Dato' (Dr.) Francis Yeoh Sock Ping	✓	✓
Dato' Dr Yahya bin Ismail	✓	✓
Mej Jen (B) Dato' Haron bin Mohd. Taib	✓	✓
Tuan Syed Abdulllah b. Syed Abdul Kadir	✓	✓
Dato' Yeoh Soo Min	✓	✓
Dato' Yeok Seok Kian	✓	✓
Dato' Yeon Seok Hong	✓	✓
Dato' Micheal Yeon		
Dato' Mark Yeok Seak		

Directors	IOI Group	
	IOP Corp.	IOI Properties
Tan Sri Dato' Lee Shin Cheng	✓	✓
Dato' Lee Yeow Chor	✓	✓
Dato' Yeo How	✓	✓
Chan Foo Ann		

Directors	Genting Group		
	Genting Berhad	Resort Worlds	Asiatic Development
Tan Sri Lim Kok Thay	✓	✓	✓
Tun Mohammed Hanif Omar	✓	✓	
Mr Quah Chek Tin	✓		✓
Gen ® Tan Sri Mohd Zaini		✓	✓
Mr Quah Chek Tin	✓	✓	✓
Tan Sri Dr Lin See Yan	✓	✓	
Tan Sri Mohd Amin bin Osman	✓		✓

Source: 2007 annual reports of YTL Group Berhad, IOI Group Berhad, Genting Group Behad, Berjaya Group Berhad, available at <http://www.bursamalaysia.com.my>

Despite the fact that all directors within this study had complied with the KLSE Listing Requirements by not holding more than ten directorships in Malaysian listed companies, a participant suggested that the maximum number of directorships held by individual directors in Malaysia should be limited and suggested:

*..... the limit should be two. In fact, the maximum of ten that are allowed by the Bursa Malaysia, to me is too many (Chairman).*

Other participants added that holding too many directorships could lead to three problems: (1) the director becomes too busy;

*With the increase of legal liability and responsibilities of directors, I think being a director of three companies already makes me busy (Chairman).*

*I do not really agree that holding many directorships can make directors more competent because they cannot perform their jobs, as they are too busy.... (CEO).*

(2) the director becomes over-committed;

*Being a director of Malaysian PLCs, I need to put in a huge amount of time to understand company business and industry. I think it is hard for me to focus on my job if I sit on more than three boards (Representative of Malaysian corporate governance organisations)*

(3) they may cause conflict between companies, especially when the same people sit on the boards of different companies competing for the same project.

*It is not good having too many directorships because it can create conflicts between companies, especially when the same people sit on different boards and they are competing for the same project (CEO).*

Despite these issues, some participants pointed out that holding many directorships is not a concern if directors can balance their roles or participate in any company's activities:

*It is not a problem if they are able to manage their time and they can participate in company activities (CEO).*

*It is not an issue if they can participate in board and company activity, we should not see it as a problem (Chairman).*

*Our chairman holds more than four directorships but he still can manage to do that effectively (CEO).*

Furthermore, a company can use their experience to enhance its operations.

*It will be good especially if directors are also directors of Multi national companies. We can tap their experience (Chairman).*

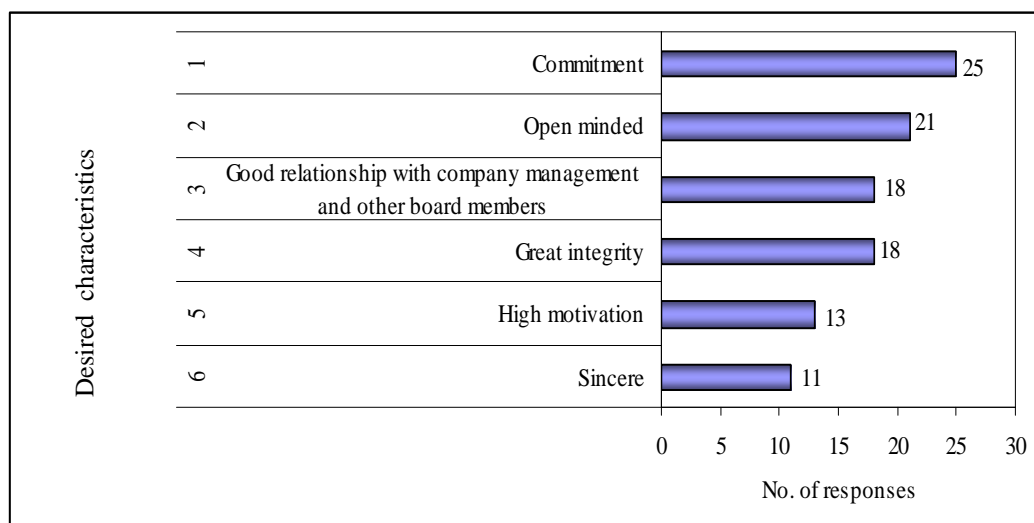
The results of this study demonstrate that although there are some advantages and disadvantages in holding many directorships, to be effective Malaysian PLCs directors it is suggested they should not hold more than three directorships of listed companies.

### **6.3.2 Personality characteristics and values**

Many participants interviewed in this study held the opinion that good personality characteristics and values are important components for the effectiveness of Malaysian PLCs' boards. For example, one participant pointed out:

*The board has no formal hierarchy, directors have equal responsibility... a good personality and values are necessary (CEO).*

In the present study, six types of personality characteristics and values of directors were identified as being important components for the effectiveness of boards of directors. These were: commitment, open mindedness, good relationships with other board members, great integrity, high achievement and sincerity (see Figure 6.4). Nevertheless, it must be emphasised that this study did not employ quantitative methods, and so the most frequently mentioned factors are ranked according to the total number of interviewees who spontaneously mentioned that factor to be significant.



**Figure 6.4: Six types of directors' personality characteristics and values that were thought to be necessary and significant**

**Commitment.** In relation to the importance of directors' commitment, in this study participants explained that committed directors were usually involved in all firm performance-improvement activities including attending all board meetings, giving feedback and ideas to the board and preparing for board meetings. As one participant explained:

*A director needs to be involved in various performance improvements activities of the company (Representative of Malaysian corporate governance organisation).*

Others added:

*.... we need directors who not only come to the board meetings. More importantly, they can give feedback and ideas to the board (CEO).*

*..... a good director has good attitudes. He or she is willing to learn, and always acquires more knowledge about the company and is well prepared for a board meeting. Our board of directors does that (Chairman).*

However, some participants criticised that some directors were not fully committed to their jobs because each of them had a different preference when being appointed as board members. For example, in this study participants pointed out that some directors were attracted to join the board because of the remuneration offered by companies, while other directors were more concerned with sharing their experience with the boards. Participants observed:

*Being a company secretary for more than 20 years, I know that some directors join the boards because they want to get some remuneration (Chairman).*

*Some directors will ask for their allowances immediately after the board meetings (CEO).*

*No doubt, some directors accept board appointments just to share their experience; but many of them are looking for remuneration (CEO).*

Based on these participants' points of view, it is difficult to distinguish whether or not directors are committed to their boards.

***Open-minded.*** In relation to being open minded, some participants pointed out that good directors are able to initiate good working environments that provide opportunities for sharing ideas as well as openness to debate and criticism. For instance:



*I always ask other board members' opinion whenever I need to know something about financial aspects because I am not financial expert (Chairman).*

*Directors, who are more open to be criticised, more easily resolve any conflict (Representative of Malaysian corporate governance organisation).*

These results imply that boards need directors who can accept other members' ideas.

**Good relationships.** Participants reported that to enable directors to perform their roles effectively, they need to establish good relationships with other board members, as well as with company management (especially the CEO). It was stated that:

*As a director, you need support from your friends; I mean other board members, as well as the management, especially the CEO (Chairman).*

*I myself cannot be a good chairman without having good relationships with the board members (Chairman).*

*Many companies in Malaysia such as Petronas, Maybank, YTL Group, are successful because of one reason, they have good people. The board's members, the managers, as well as the employees have good relationships, and work toward the same goals (Independent Director).*

**Great integrity.** In this study, great integrity was regarded as a positive value in governing directors' behaviour to do the right thing in a company, even more so than the law or code of corporate governance. Board members explained:

*Transparency and integrity is everywhere. It is not only promulgated by standards like the Malaysian Code of Corporate Governance or Malaysian Companies Act. I think it is the right thing to do (Chairman).*

*Integrity is a personal value. If you do not perform your job well, there is no integrity. Therefore, integrity is the total value (CEO).*

*I think integrity is the right thing to do. If you follow basic principles of doing what is right, not only the letter of the law, but the spirit of the law, which many companies do, that's going to keep you in good stead (Independent Director).*

Another participant added that a high level of integrity is important for directors to minimise corporate scandals, abuse of power or other company problems:

*Integrity becomes a public concern because of: too many corporate scandals; shareholders are complaining; the chairman's abuse of power; and many other problems (Independent Director).*

*We have many corporate failures due to the low integrity of our boards. To me corporate integrity is crucial in ensuring a high standard of corporate governance (Chairman).*

**Motivation.** Being a company director who is responsible for company performance improvement, every director needs to have a great deal of motivation because this can make a company successful in the future. Therefore:

*Good directors have a desire to move a company's performance forwards, take action and keep the board focused on future planning, rather than getting into unnecessary things (Chairman).*

*There is no point being a company director if you have no future vision (CEO).*

**Sincerity.** Finally, to be effective, an individual director must be sincere (e.g. perceived to be honest and genuine in the opinions they express). Thus, a *good*

*director is one who is sincere and will bring the company into a better future (CEO).*

### 6.3.3 Competencies

In Malaysia the importance of having competent board members with certain core knowledge, skills and experience has been stated in the MCCG (2000):

The board should at least identify the mix of skills and experience and other qualities it requires for it to function completely and efficiently. .... However, depending on the company's business it is likely possible for a board to access particular skills that there will be certain skills and experience, which are so strategic and fundamental to success that they would exist at the board level itself.... (Para 4.34, MCCG, 2000)

Three types of competencies that were thought to be necessary and significant components for board effectiveness in this study include: substantial experience in business and corporate management; relevant business knowledge and skills; and relevant educational qualifications (see Figure 6.5).



**Figure 6.5: Three types of directors' competencies that were thought to be necessary and significant**

**Experience.** It has been argued that experienced directors in the areas that are needed by a company typically provide the most valuable resources for the company (Coulson-Thomas, 1992). Accordingly, three-quarters of the study participants stated that Malaysian PLCs' directors should have substantial experience in business and corporate management. For example, two participants explained the desirability of having such experiences:

*All types of good characteristics of director are important, but it depends on each firm's requirement. Such characteristics as experience in business and corporate management are vital for every director (CEO).*

*No one can be a good director without having experience in corporate business. It is not an easy job. Probably you need to be a board member more than 10 years (Independent Director).*

From the interviews, three reasons were discovered concerning the necessity for experience: (i) to perform their roles effectively in a diverse and complex business environment; (ii) to contribute effectively in boardroom discussions; and (iii) to enable directors to predict the future share market. Consequently, it was remarked that:

*Directors' jobs are not easy because many Malaysian companies are cross-holdings business. They would not easily understand these kinds of business within a short of time (Chairman)*

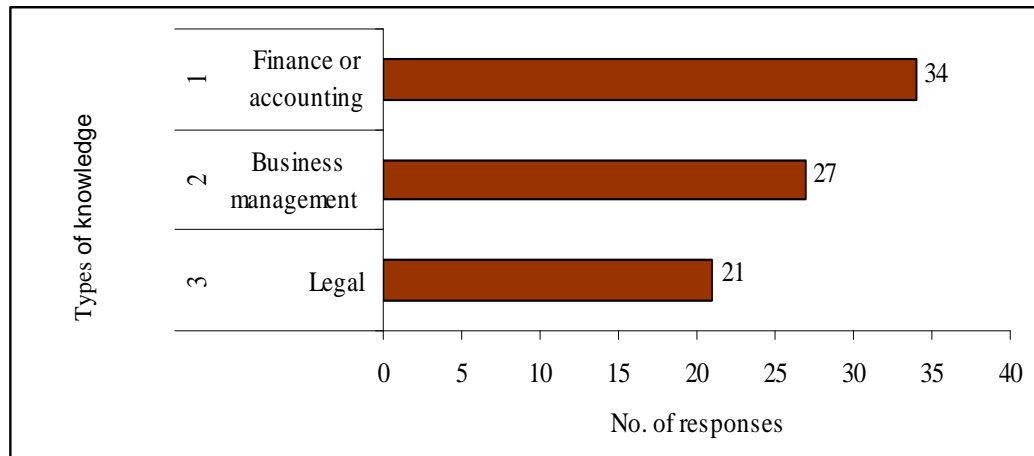
*If board members have some experience in the industry or business, chairman, or probably the CEOs do not have to answer unnecessary questions in board meetings (Representative of Malaysian corporate governance organisation).*

*Experienced directors are not only being able to oversee the firm effectively, they are able to predict the share market. That will be very useful for any firm (Chairman).*

However, because gaining this experience is not simple, many participants suggested that Malaysian PLCs' directors should be involved for at least a minimum period in a corporate environment, in particular, they should be

appointed as Malaysian PLCs' directors for at least three years. This is equivalent to one term of a director's appointment under the Malaysian Companies Act 1965.

**Relevant business knowledge** In the case of Malaysian PLCs, three types of knowledge were discovered to be important for directors in this study: financial or accounting knowledge; various types of business management knowledge; and legal knowledge (see Figure 6.6).



**Figure 6.6: Level of three types of directors' knowledge**

Figure 6.6 shows that almost three quarters of the study participants said that having financial or accounting knowledge is crucial for the effectiveness of Malaysian PLCs' directors, followed by business management and legal knowledge.

Concerning the importance of finance or accounting knowledge, many participants pointed out that having this knowledge is crucial because nowadays boardroom discussions are concerned with financial performance. Hence, to be able to participate effectively in discussions, directors should have some understanding of finance or accounting, particularly concerning the understanding of accounting ratios, investor analysis and sensitivity to financial danger signals. As participants pointed out:

*Without this knowledge, it is very difficult for any director to participate actively in the board meeting (Independent Director).*

*Essentially, you have to be able to read financial statements. You should not be in a corporate board if you cannot do that. How can you participate in the boardroom and make a good decision? (CEO)*

*To be effective, directors should have the ability to read and interpret financial statements including financial ratios, investor analysis and risk analysis, because everything in business has been translated into figures (CEO).*

*It is not necessary for a person to become an expert, but at least he or she should have basic financial knowledge such as profit and loss, balance sheets, cash flow, financial analysis (CEO).*

However, since not every director possesses such knowledge, other participants suggested that directors should acquire this knowledge by attending training programmes or seeking advice from other board members who have this knowledge:

*When I joined the board, I knew nothing about finance. I am a lawyer. Lucky at that time I was only a director of a non-listed company. I took my own initiative to learn this knowledge by attending various training programmes. I believe without the knowledge I would not be able to participate actively in the board meeting (Independent Director).*

*I suggest anyone should acquire this knowledge. Like myself, I always ask other board members who are expert in this area. The only thing you must be, is honest to yourself (Chairman).*

These findings imply that finance or accounting knowledge is the most important type of knowledge required by Malaysian PLCs directors in this study.

To enhance directors' capabilities to develop and monitor short and long term company planning, as well as to understand business in a complex situation, many authors have asserted that a company's directors also need to have other types of knowledge and skills (Katz, 1974; Forbes & Milliken, 1999; Letendre, 2004; Carmeli, 2006; Jeanjean & Stolowy, 2008). Following this, many participants in this study stated that Malaysian PLCs' directors should have other business knowledge because:

*Now, the focus has shifted to diverse types of knowledge and skills that cut across industry sectors (Chairman).*

*Diversity of knowledge is a key that helps guide me in making the ultimate decisions for the company (CEO).*

*Having someone from outside the company as a director with several types of business background particularly strategic planning backgrounds is extremely helpful to me and to my company (CEO).*

In this study, six types of business knowledge were discovered to be important for Malaysian PLCs' directors. Based on Table 6.9 corporate planning was found to be the most important type of business knowledge for the effectiveness of Malaysian PLCs' directors, followed by business forecasting, international business, risk management marketing and human resources.

**Table 6.9: Six types of directors' important business knowledge**

No	Type of knowledge	Total frequency reported
1	Corporate planning	18
2	Business forecasting	15
3	Risk management	15
4	Marketing	14
5	International business	10
6	Human resources	8

Concerning legal knowledge, in this study many participants said that having legal knowledge is becoming important to individual directors. Especially in the present business environment, investors are concerned that companies should maintain high standards of corporate governance. Hence, a director must be familiar with corporate laws in Malaysia. As a result:

*Investors are concerned with company business because there have been too many corporate scandals and collapses (Chairman).*

*Directors must be familiar with Malaysian business laws, regulations, interpretative rulings and notices, and must exercise due diligence to see that these are not violated (Independent Director).*

Apart from these areas of knowledge, the majority of the participants explained that Malaysian PLCs' directors should also possess three types of skills: communication skills (speaking and listening skills); analytical thinking skills; and technical skills.

**Table 6.10: Three types of directors' skills required**

No	Type of skill	Total frequency reported `
1	Communications skills (listening and speaking)	15
2	Analytical thinking	12
3	Technical	9

For example, some participants explained that directors need to have strong capabilities in listening and speaking skills to avoid misunderstanding in boardroom discussions, as well as to enable them to convey their ideas effectively. Two chairmen felt that:

*.....the biggest thing that a director has to accomplish is good communication because if you do not communicate effectively, you are going to create a situation where you will be mistrusted (Chairman).*



*In the boardroom, we do have some directors who have good ideas but fail to convey their ideas just because of poor public speaking skills (Chairman).*

Other participants added that directors should have some technical skills that are relevant to their companies' business activities:

*Different companies have different technical requirements. For example, our board is composed of three professional engineers, simply because our business is construction (CEO).*

**Educational qualifications.** Although directors' educational qualifications were argued to be important to provide unique perspectives and innovative ideas to boards (Cox & Blake, 1991; Hilmer, 1998; Westphal & Milton, 2000), in Malaysia there are no specific rules and regulations about the importance of board members' educational qualifications.

In this study, a number of participants pointed out the importance of directors' educational qualifications. For example, two participants explained that because directors had to perform a variety of roles, this demanded a high calibre of individuals. Thus, a company should appoint individuals who possess educational qualifications that are relevant to its business activities, as suggested in the following:

*To me a company should only choose an individual that possesses a business qualification. From my experience, directors with financial qualifications are more critical (Chairman).*

*In Malaysia, although no specific qualifications for directors are outlined in the Companies Act, it does not mean those who have no proper qualification can be a company director (CEO).*

In accordance with the above views, the majority of Malaysian PLCs' directors in this study were found to possess relevant qualifications. As shown in Table 6.11 the majority of directors (74.4%) possess five types of qualifications, i.e. about 22 percent of them had finance or accounting qualifications, followed by those in economics (17.8%), engineering (12.6%), business studies (12.3%) and law (9%).

**Table 6.11: Directors' educational qualifications**

<b>No.</b>	<b>Qualification</b>	<b>Frequency</b>	<b>Percentage</b>
1	Finance or accounting	149	22.7
2	Engineering	83	12.6
3	Economics	117	17.8
4	Business studies	81	12.3
5	Law	59	9.0
6	Science	37	5.6
7	Commerce	15	2.3
8	Art	52	7.9
9	Agriculture	13	2.0
10	Architecture	6	0.9
11	Education	4	0.6
12	Social science	15	2.3
13	Defence studies	10	1.5
14	Other	16	2.4
	Total	657	100

Note: 17 records not found.

These results indicate that the majority of Malaysian PLCs' directors possess relevant business qualifications.

#### 6.3.4 Networking with the Government

In the present study, many participants pointed out that creating good networks with the government was another important characteristic of Malaysian PLCs' directors. It was emphasised that:

*Networking with the government is extremely important in Malaysia. That is why we need a director that has a good relationship with the Government (Chairman).*

Two reasons were given for the importance of fostering this networking: (i) to secure government projects; and (ii) for administrative matters that involve the Malaysian government agencies. As one research participant stated:

*In Malaysia, networking with the government is the easiest way to secure a project. From my experience, many companies secure government projects just because the chairman has good relationship with the government (CEO).*

Another added:

*Director networking with the government is not just to get project, but to solve administrative matters that involve government departments (Chairman).*

For these reasons, many Malaysian PLCs in this study had appointed retired government officers as their board members. As explained by one participant:

*Many Malaysian listed companies are keen to appoint retired civil servants. Probably this could be to establish networks with the government and to secure projects for the company (Representative of Malaysian corporate governance organisations).*

In fact, it was found that of 674 directors in this study, 17.66 per cent (115) of them were retired government officers. The majority of them were male, Malay directors or NEDs (independent) (see Table 6.12). A detailed profile of retired government officers is provided in Appendix J.

**Table 6.12: Composition of retired government officers of top 100 Malaysian PLCs' boards**

	Frequency	Percentage
Retired government officers	115	17
Position		
CEO	1	1
NED	24	21
NED (ID)	67	58
Chairman	23	20
Gender		
Male	105	91
Female	10	4
Ethnic group		
Malay/ <i>Bumiputera</i>	100	87
Chinese	4	3
Indian	1	1

Note: CEO = Chief Executive Officer  
NED = Non executive director  
ID = Independent Directors

Some participants, however, argued that retired government officers could not contribute to a board because they were not experienced enough in corporate management. As two participants explained:

*Now we have too many retired civil servants on listed companies' boards. These people sometimes cannot perform their roles effectively because they are lacking in business experience (CEO).*

*Many Malaysian directors are not professionally qualified to become listed company directors. Why I say this, is because we have too many retired government officers on the boards. Some of them are the chairman (Independent Director).*

Other participants added that because some board members were appointed based on their networking with the government they are not truly independent, especially in the companies controlled by the government.

*I have seen many 'yes man' directors, especially if they join the board because of their networking with the government (Independent Director).*

*The appointments of many Malaysian PLCs' boards are still based on personal or political networking with the government. Because of this situation, some of the board members are not truly independent (Representative of Malaysian corporate governance organisation).*

To avoid such problems, other participants suggested that Malaysian PLCs should not appoint too many retired government officers onto their boards because they lack experience in the corporate sector. Consequently, statements were made such as:

*We should reduce the number of retired government officers on the Malaysian PLCs board. From my experience, they just become 'public relation officers'. To me that is not good for a company and for Malaysian corporate governance (CEO).*

### **6.3.5 Summary**

These findings show that the top 100 Malaysian PLCs' directors in this research had diverse characteristics. Some characteristics were revealed to be more important than others. The results indicate that Malaysian PLCs' boards need directors who possess the following characteristics:

- i. appropriate demographic characteristics (e.g. not more than 60 years old; at least three years' experience in business and corporate management; and not holding too many directorships in listed companies). Gender (women directors) does not seem to be very important as found by the low percentage of women in this study. The same applies to ethnic groups because the directors were associated with the controlling shareholders;
- ii. positive personality characteristics and values; particularly commitment, open-mindedness, good relationships with others, high integrity, ambition and sincerity;

- iii. relevant competencies, including substantial experience in business and corporate management, financial or accounting knowledge and various business knowledge and skills, They should also possess relevant educational qualifications, particularly in finance and accounting, business studies, economics; and
- iv. good networking with the government.

## **6.4 Chairmen's characteristics**

It has been argued that to enable a chairman to perform his or her role effectively, the chairman should be someone who has particular characteristics (Coombes & Wong, 2004) and can unite directors into an effective group (Bird et al., 2004). Hence, the characteristics of the chairman substantially differ from those of other directors.

In this study two participants explained that an effective chairman shares a number of core qualities such as experience, particular leadership characteristics, open-mindedness, experience, good communication skills, entrepreneurship skills and intelligence. For instance, participants commented:

*To be honest, it is easier for me to become an ordinary director than the chairman because the chairman needs to have all kind of leadership characteristics. You have to be open minded, highly experienced with good communications skills and many other traits (Chairman).*

*My chairman is a very distinguished person. He worked in Maybank for many years; he is also an entrepreneur, very intelligent and a smart man (Representative of Malaysian corporate governance organisation).*

The following sections present characteristics of chairmen that were found to be important for an effective board in this study.

### 6.4.1 Chairmen's demographic characteristics

Table 6.13 provides a summary of the top 100 Malaysian PLCs' chairmen's demographic characteristics. A detailed profile of chairmen is exhibited in Appendix K of this study.

**Table 6.13: Chairmen's demographic characteristics**

Characteristic	Frequency	Percentage
<b>Position</b>		
• Chairman	67	80.7
• Executive chairman	10	12.0
• Chairman/CEO	6	7.2
<b>Gender</b>		
• Male	83	100
• Female	0	0
<b>Ethnic groups</b>		
• Malays/ <i>Bumiputera</i>	53	63.9
• Chinese	26	31.3
• Indian	0	0
• Other (foreigners)	4	4.8
<b>Age</b>		
• < 30 years	0	0
• 30 to 40 years	1	1.2
• 41 to 50 years	4	4.8
• 51 to 60 years	28	33.7
• 61 to 70 years	39	47.0
• > 71 years	11	13.3
Mean	62.1	
Minimum	33	
Maximum	80	
<b>Tenure</b>		
• Less than 3 years	11	13.3
• 3 to 6 years	20	24.1
• 7 to 10 years	12	14.5
• 11 to 13 years	11	13.3
• 14 to 16 years	8	9.6
• 17 to 20 years	7	8.4
• 21 to 23 years	6	7.2
• More than 23 years	8	9.6
Mean	11.63	
Minimum	1	
Maximum	42	

Note: Figures exclude redundancy data (the chairman who is holding more than one position).

**Position.** Although 100 companies are involved in this study, only 83 chairmen were found because 16 of the chairmen held more than one position (see Table 6.14). Of the 83 chairmen, 80.7 per cent of them were independent chairmen, 12 per cent were executive chairmen, and 7.2 per cent held both chairmen and CEO's positions. This implies that duality of roles of the chairman/CEO is uncommon in Malaysia.

**Table 6.14: Chairmen who held more than one position according to ethnic group**

Chairman	Ethnic group	Company
1	Malay	Sarawak Electricity Berhad TA ANN Holdings Berhad
2	Malay	Malaysian Resources Corporation Berhad RHB Capital Berhad
3	Malay	Berjaya Land Development Berhad Multi-Purpose Holdings Berhad
4	Malay	British American Tobacco (M) IGB Corporation Berhad
5	Malay	IJM Corporation Berhad Linkaran Trans Kota Holdings Berhad
6	Chinese	YTL Berhad, YTL Cement Berhad YTL Power Berhad
7	Chinese	Batu Kawan Berhad Kuala Lumpur Kepong Berhad
8	Malay	MMC Corporation Berhad Tradewinds Plantation Berhad
9	Chinese	IOI Corporation Berhad IOI Property Berhad
10	Malay	MISC Berhad Petronas Gas Berhad
11	Chinese	Public Bank Berhad LPI Capital Berhad
12	Chinese	Genting Berhad Resort World Berhad
13	Chinese	Lion Diversified Holdings Berhad Pakson Berhad
14	Chinese	Guocoland (Malaysia) Berhad Hong Leong Bank Berhad Hong Leong Finance Group Berhad
15	Malay	Aminvestment Group Berhad AMMB Holdings Berhad
16	Chinese	STAR Publications Malaysia Berhad YTL Power Berhad



Of the 16 chairmen, six of them were the chairmen of holding companies.<sup>26</sup> Some examples of holding companies are shown in Table 6.15.

**Table 6.15: Examples of holding companies**

No	Parent company	Subsidiary company (s)	Percentage of issued capital owned
1	IOI Corporation	IOI property Berhad	70.57
3	Genting Berhad	Resort World Berhad	48.36
		Asiatic Berhad	43.00
4	Batu Kawan Berhad	Kuala Lumpur Kepong Berhad	45.65
5	UEM Group Berhad	PLUS Expressway Berhad	40.21
		UEM World	38.94
6	YTL Corporation Berhad	YTL Power Berhad	81.90
7	AMMB Holdings Berhad	Aminvestment Group	51.00

The result implies that holding companies in Malaysia were led by the same chairman as their companies listed on the stock exchange.

**Gender and ethnic group.** All chairmen in this study were male. The majority of the chairmen were Malay or Chinese, with about 64 per cent and 31 per cent respectively. Only 4.8 per cent of the chairmen were foreigners, and no Indian chairmen were found. The majority of the Malays were the chairmen of GLCs (e.g. Sime Darby Berhad, Tenaga Nasional Berhad, Maybank Berhad, and Tenaga Nasional Berhad). In addition, a larger number of the Malays were also chairmen

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<sup>26</sup> A holdings company is a company that owns other companies' outstanding stock. It usually refers to a type of parent company that exists primarily to exercise control over other firms. The control is exercised through ownership of a majority of the controlled firms' shares.

of Chinese-owned companies (e.g. Asiatic Berhad, Hap Seng Plantation holdings Berhad, KNM Group Berhad and OSK Holdings Berhad).

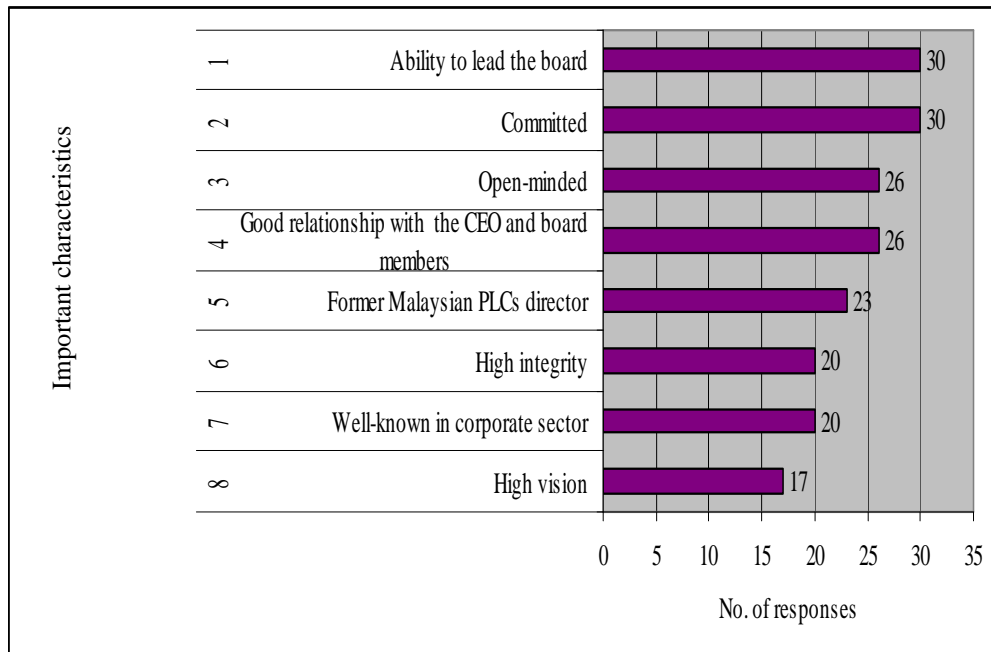
In contrast, the majority of the Chinese were chairmen of companies that were controlled by Chinese shareholders (individual or their proxies). Foreign chairmen were the chairmen of foreign companies (e.g. Digi Com Berhad, Malaysian Bulk Carriers Berhad and Magnum Corporation Berhad). The results imply that the ethnicity of the chairmen was related to the ethnicity of the controlling shareholders.

**Age.** The majority of the chairmen (80.1%) were aged between 51 and 70 years while the average age of the chairmen in this study was 62 years. The youngest chairman was 33 years old (i.e. the executive chairman of Mulpa International Berhad), while the oldest chairman was 80 years old (the chairman of Asiatic Development Berhad).

**Tenure.** The range of chairmen's tenure in this study was found to be very large, from one to 42 years. The average chairmen's tenure was 11.63 years. The majority of them (86.7%) had more than 5 years of tenure in their firms. Of this percentage, about 48 per cent had been in their firms more than 10 years. This result implies that the chairmen of the top 100 Malaysian PLCs are considered experienced individuals because the majority of them have served for more than five years in their companies.

#### **6.4.2 Important personality characteristics and values**

Interviews with 41 participants in this study revealed eight important characteristics of Malaysian PLCs' chairmen. Based on Figure 6.7, Malaysian PLCs' chairmen were said to need to possess a combination of particular personality characteristics and values including the ability to lead the board, commitment, being open-minded, able to maintain good relationships with CEOs and board members, have former experience as a director, high integrity, well-known in the corporate sector and demonstrate a high level of vision.



**Figure 6.7: Eight types of chairmen's personality characteristics and values that were thought to be important**

Based on Figure 6.7, nearly three quarters of participants in this study reported that the ability to lead the board and commitment were the two most important personality characteristics and values that Malaysian PLCs' chairmen should possess.

In reference to the ability to lead the board, many participants explained that the chairman should be someone who is able to encourage and motivate board members, as well as have the ability to control board meetings. They indicated that:

*The chairman must be someone who is able to drive the board and the company. During board meetings, he must be able to encourage the board members to speak and at the end, he should summarise the issue that has been discussed (CEO).*

Commitment, was regarded as important because being the leaders of companies chairmen are role models for other board members. Here, chairmen should pay attention to the requirements of their positions and must understand their duties clearly. Therefore:

*Although many chairman have some experience as company directors, to me that is not enough if the person never pays attention to his job (Chairman).*

*A good chairman must know his job. You cannot be the chairman unless you know what your duties are (Chairman).*

In addition, more than half of the participants interviewed in this study reported that chairmen need to be open-minded and not dominate the board, and listen to others:

*The board fails because the chairman has always dominated the board, and does not try to listen to others (Independent Director).*

and encourage other board members to give ideas in board meetings

*Consequently, a good chairman always allows and encourages the board members to give ideas in board meetings. He makes you want to contribute (CEO).*

*The chairman should provide a reasonable time for discussion at the meeting. The chairman should not attempt to limit discussion of genuine questions. Also the practice of discouraging shareholders from asking questions or being dismissive of questions needs to be discouraged (Chairman).*

Based on participants' points of view being open-minded is important to enable Malaysian PLCs' chairmen to work towards reaching a meaningful conclusion.

In the context of a chairman's role, other participants emphasised the importance of having good relationships between chairmen and other board members, as well as with the company's managers. Such characteristics require chairman to have some understanding of the personality of other people. As two participants reported:

*I have been working with different types of chairman. To me a good chairman is a very intelligent person with a good personality too. The boards and the staff are happy working with him (CEO).*

*Many problems in the company, are not so much technical, they are human problems. So the chairman has to have a good understanding of people (Representative of Malaysian corporate governance organisation).*

As a chairman's role is important to the board, as well as the company, some participants in this study advocated that the chairman should be a former Malaysian PLCs director. Particularly, the chairman should have been appointed as an ordinary director for at least three years. Therefore, comments arose such as:

*One cannot become a good chairman unless the individual has done a good job as a non-executive director. A chairman who has experience as an ordinary director learns more about the real business (CEO.)*

*To me the most important thing is that the chairman should have experience as being a director of other PLCs for at least 3 years (CEO).*

Another participant added that Malaysian PLCs' chairmen should also be well known in the corporate sector. The reason behind this is because they can use their networking and reputation to position the company to be more competitive. As one person suggested:

*An ideal chairman of PLCs should be someone who is well known in the corporate sector because the person brought his/her reputation and networking to the company. There must be some special characteristics for the person to reach this stage (CEO).*

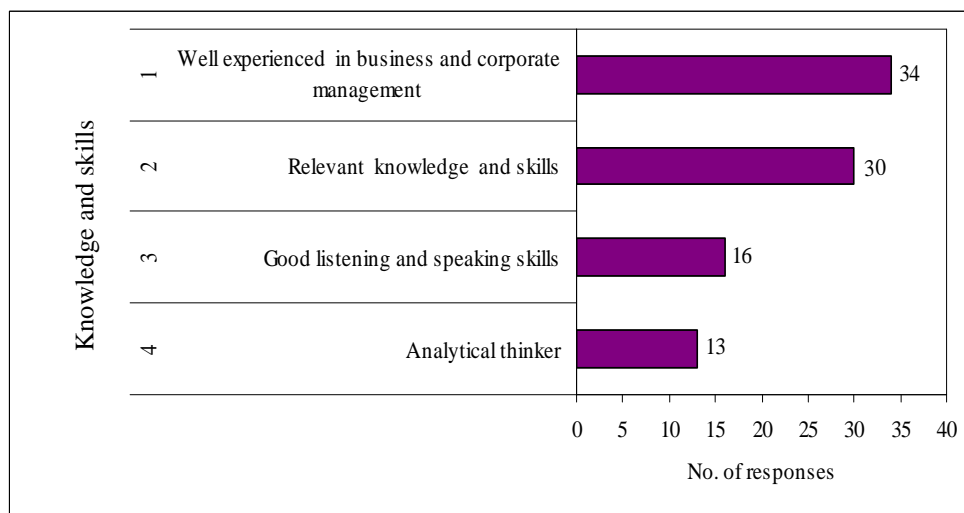
Finally, the chairman must also be someone who has vision and who can ensure the success of the company. Therefore:

*The person is enthusiastic to engage with the future business (CEO).*

*If the chairman is passionate and interested in the business, he will put in time to ensure the success of company business (CEO).*

### 6.4.3 Competencies

Figure 6.8 shows four types of competencies that were revealed as important for chairmen in this study.



**Figure 6.8: Four types of desired chairmen's competencies**

Based on the above figure, almost three quarters of the participants in this study supposed that having experience in business and corporate management were the most important competencies of Malaysian PLCs' chairmen. For example, two participants commented:

*I have been on the board of many companies, and for many years. From my experience, all companies have different kinds of board members. To me the most important thing is that a company should choose an experienced chairman (Chairman).*

*A good chairman is an experienced chairman because the chairman's job is not the same as that of the ordinary director, or the CEO. You need to have experience in business. Otherwise, no one will respect you (Chairman).*

In addition, a large number of participants remarked on the importance of a chairman having relevant knowledge and skills. Nevertheless, none of the participants mentioned any specific types of knowledge that are important for a chairman. Instead, the majority of participants explained that a chairman needs to have a combination of knowledge that is relevant to company business and the corporate environment. Two participants explained that:

*It is not an issue what kind of knowledge that the person has. The most important thing is the chairman should understand business and the corporate environment (Chairman).*

*The company may not get any benefit from the chairman if the person knows nothing about the corporate environment. That is why the company has got to be careful when selecting the chairman (CEO).*

In terms of skills, two types of skills were regarded as important for the chairman including communication skills and analytical thinking skills. Therefore: *A good chairman is a good listener and good communicator (CEO).*

In addition, in this study the majority of the chairmen were found to possess various useful and relevant business qualifications such as economics, law,

finance or accounting, and business studies. Some of the chairmen also had skills-based qualifications including engineering, agriculture and defence studies (see Table 6.16). These results imply that the chairmen's educational qualifications in this study were a combination of functional business and technically-based qualifications.

**Table 6.16: Type of chairmen's educational qualifications**

No.	Qualification (Substantial area)	Frequency	Percentage
1	Economics	15	18.7
2	Law	14	47.5
3	Finance or accounting	12	15.0
4	Business studies	9	11.3
5	Engineering	9	11.3
6	Arts	8	10.0
7	Science	7	8.7
8	Commerce	2	2.5
9	Defence studies	2	2.5
10	Education	1	1.3
11	Agriculture	1	1.3
	Total	80	100.0

Note: 3 records not found

#### **6.4.4 Networking with the government**

Similar to directors' characteristics, networking with the government was also regarded as another important characteristic for Malaysian PLCs' chairmen, especially in securing government projects. For example, two participants said that:

*.....we can name many companies, which get a government project just because their chairman has strong networking with the government. This may not happen in other countries (CEO).*



*Many companies appoint retired government officers as chairman mainly because of their networking with the government. Whether they can perform or not does not really matter (Representative of Malaysian corporate governance organisation).*

#### **6.4.5 Summary**

These findings imply that to be effective, chairmen should possess a combination of characteristics including relevant demographic characteristics, good personality characteristics and values, relevant knowledge and skills, as well as being able to network with the government. Such characteristics can help a chairman to lead boards effectively, as well as portraying a good image to the entire company.

### **6.5 CEOs' characteristics**

Many studies have documented that there is no general rule regarding the characteristics of effective CEOs (Flood et al., 2000; Collins, 2001; Korn/Ferry International, 2003; Wei, 2005; Agle et al. 2006; Jie, 2008). Characteristics vary from company to company. Two participants stated that in connection with CEOs:

*I never consider myself as a good CEO. I try to work hard, work at many companies to gain more experience in business, and I try to be more positive in thinking, so that I become more passionate in my job (CEO).*

*It is not only the theory that says if you do not have a good CEO you will have a bad board. It seldom happens because a bad board will choose the bad CEO. If the board may, by chance, select the bad CEO, it will be detected a few months after the appointment (Independent Director).*

The following sections report the characteristics of CEOs revealed in this study.

### 6.5.1 CEOs' demographic characteristics

Table 6.17 provides a summary of CEOs' demographic characteristics on the CEOs. A complete profile of CEOs is provided in Appendix L.

**Table 6.17: CEOs' demographic characteristics**

Characteristic	Frequency	Percentage
<b>Position</b>		
• CEO	86	93.5
• Chairman/CEO	6	6.5
<b>Gender</b>		
• Male	89	96.7
• Female	3	3.3
<b>Ethnic group</b>		
• Malays/ <i>Bumiputera</i>	31	33.7
• Chinese	47	51.1
• Indian	2	2.2
• Other (Foreigners)	12	13.0
<b>Age</b>		
• < 30 years	0	0
• 30 to 40 years	7	7.6
• 41 to 50 years	25	27.2
• 51 to 60 years	49	53.3
• Above 60 years	11	12.0
Mean	50.25	
Minimum	33	
Maximum	70	
<b>Tenure</b>		
• Less than 5 years	50	54.3
• 5 to 10 years	16	17.4
• 11 to 15 years	12	13.0
• More than 15 years	14	15.2
Mean	6.97	
Minimum	1	
Maximum	32	

Note: The figures exclude five redundant pieces of data due to CEOs who hold more than one position.

**Position.** About 94 per cent of the CEOs in this study held only CEO positions, while 6.5 per cent of them held both chairman and CEO positions. Apparently, they were the CEO/chairman of companies controlled by the Chinese as the major shareholders. This finding implies that duality of roles of CEOs/chairman was common among the firms controlled by the Chinese as the major shareholders.

**Gender.** The majority (96.7%) of the CEOs in this study were male. Only 3.3 per cent were women. They were the CEO of Plus Expressway Berhad, Hong Leong Bank Berhad and TA Enterprise Berhad.

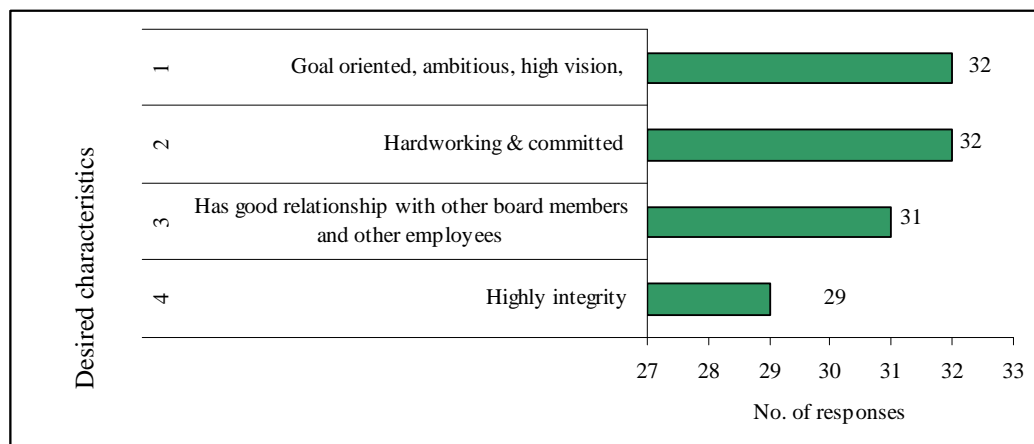
**Ethnic group.** The majority of the CEOs in this study were Chinese and Malay; 51 per cent and 34 per cent respectively. Only 13 per cent of the CEOs were foreigners and two per cent were Indian. It was also found that the majority of the Chinese were CEOs of companies controlled by the Chinese as the major shareholders. Whereas the majority of Malays were CEOs of GLCs, the foreigners were CEOs of foreign companies. These results imply that the ethnic background of a CEO is influenced by the controlling shareholders.

**Age.** Large percentages (80.5%) of the CEOs in this study were aged between 41 and 60 years. The average CEOs' age was 50.25 years. The youngest CEO was 33 years old, the CEO of Berjaya Sports and Toto Berhad, while the oldest CEO was 70 years old, the CEO of Alliance Finance Group Berhad. Both of them were from Chinese ethnic groups.

**Tenure.** This study found the average tenure of the CEOs to be seven years. 20 per cent (28%) of the CEOs had served more than ten years in a particular firm. However, a large percentage (54%) of them had served less than five years in a particular company.

### 6.5.2 Desired personality characteristics and values

Based on the interview data, four types of personality characteristics and values were found to be important to the CEOs of Malaysian PLCs. These included: (i) being goal oriented, ambitious and having considerable vision; (ii) being hardworking and committed; (iii) maintaining good relationships with other board members; and (iv) being of high integrity (see Figure 6.9).



**Figure 6.9: Four types of CEOs' desired personality characteristics and values**

Almost three-quarters of the participants in this study pointed out that CEOs should be goal-oriented, ambitious and individuals with vision. For example, it was mentioned that great CEOs must be constantly ambitious, be visionary and be looking ahead towards company growth:

*Great CEOs have absolute clarity in their vision for the business. They clearly define where the business is going to be and then ensure that everything they do is in that direction (Chairman).*

*They are as much successful for what they do as they are for what they do not do and what do they say no to (Independent Director).*

Not surprisingly almost three-quarters of the participants reported that CEOs should be hardworking and committed to their jobs. Participants described that:

*The reason many CEOs are successful is that they are hardworking and committed to their job (Representative of Malaysian corporate governance organisation).*

*A good CEO always works hard together with the management, the employees and the board, to put the company into a better position (Chairman).*

In addition, some participants reported that to perform their roles effectively, CEOs need to have good relationships with other board members, because:

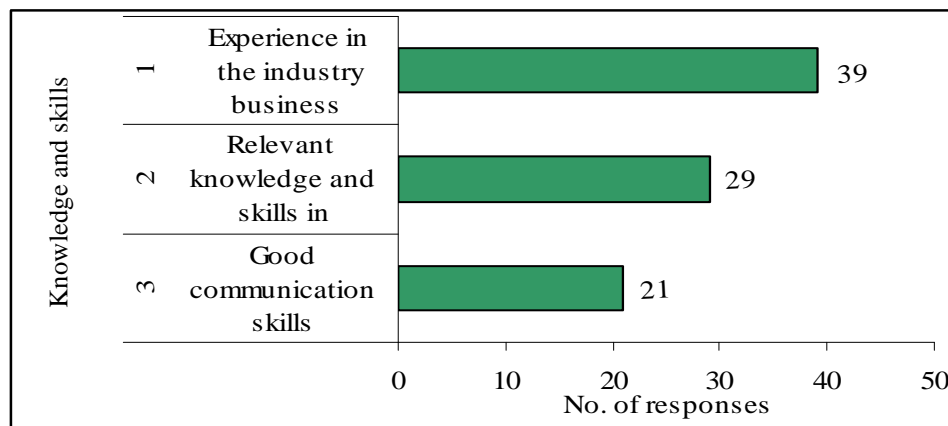
*The CEO who fails is the CEO who has failed to establish a trust relationship with the chairman and the rest of board members (Chairman).*

They also need to be a person with integrity. As one chairman stated:

*I have been working with different types of CEOs. To me a good CEO is a very intelligent person, of high integrity because the person is just the caretaker of other people in a company. They must have a good personality too. (Chairman).*

### **6.5.3 Competencies**

In this study, three types of competencies were revealed as being important for Malaysian PLCs' CEOs including lengthy experience in industry and business, possessing a high level of knowledge and skills in business, and demonstrating good communication skills (see Figure 6.10).



**Figure 6.10: Three types of CEOs' desired competencies**

Nearly all participants in this study believed that a considerable level of experience in industry business was the most important characteristic for CEOs. As three participants explained:

*Many CEOs in Malaysia are those as Dato' Nazir, Dato' Wahid, Tan Sri Vincent Tan and others successful in their careers because of one thing, they have high level experience in business (Chairman).*

*I have been working with two kinds of CEOs. One is the financial expert or professional accountant, and the other is a professional engineer. To me they are not different at all because they are experienced CEOs (Chairman).*

*A paper qualification is important, but what for, if the person has no business experience? (Independent Director).*

Concerning business knowledge, many participants reported that finance or accounting knowledge is the most important knowledge for CEOs to possess because:

- i. CEOs need to be able to detect and prevent accounting fraud in the company.
- ii. CEOs must monitor company management, especially the chief financial officer.

- iii. CEOs can predict future business for the company.

As a consequence interviewees thought that:

*The most important criterion for today's CEO is that the person must be expert in finance, probably a professional accountant (Independent Director).*

*A good CEO has good knowledge in finance. He is not just able to monitor the management, he also attends to every detail, and can detect and prevent accounting frauds (Chairman).*

*A shortage of finance knowledge is a major problem for company growth, because the CEO may not have the ability to predict the future business (Chairman).*

In accordance with the above views, the highest percentage of the CEOs in this study (20.7%) possessed financial or accounting knowledge. In addition, a large percentage of the CEOs had four other types of business-related qualifications including business administration/studies, economics, law and commerce. The results imply that although the CEOs of Malaysian PLCs in this study had diverse types of educational qualifications, finance or accounting qualifications appeared to be the most important educational qualification for CEOs. Detailed information about CEOs' educational qualifications is shown in Table 6.18.

**Table 6.18: CEOs' educational qualifications**

<b>No</b>	<b>Area of educational qualification</b>	<b>Frequency</b>	<b>Percentage</b>
1	Finance or accounting	18	20.7
2	Business administration/studies	17	19.5
3	Engineering	17	19.5
4	Law	6	6.9
5	Economics	11	12.9
6	Agriculture	2	2.3
7	Arts	6	6.9
8	Commerce	2	2.3
9	Defence studies	1	1.1
10	Science	4	4.6
11	Social science	3	3.4
	Total	87	100

Note - five records not found

#### **6.5.4 Summary**

In short, an effective CEO should be someone who has a combination of characteristics such as relevant demographic background, good personality characteristics and values, and relevant knowledge and skills.

### **6.6 Independent directors' characteristics**

Concerning the proportion of independent directors, it was found that all the top 100 Malaysian PLCs in this study had at least two independent directors on their boards. The average number of independent directors observed in this study was 3.64 (see Table 6.19).



**Table 6.19: Number of Independent Directors of  
top 100 Malaysian PLCs**

<b>Number of ID</b>	<b>Frequency</b>	<b>Percentage</b>
2	11	11.0
3	43	43.0
4	22	22.0
5	19	19.0
6	5	5.0
Total	100	100.0

Note: ID – Independent director

Mean: 3.64

Min : 2

Max: 6

Notably, seven companies had between 60 and 75 per cent of independent directors on their boards (see Table 6.20).

**Table 6.20: Seven companies that had more than 60 per cent  
of independent directors on their boards**

<b>No.</b>	<b>Company</b>	<b>Board size</b>	<b>ID</b>	<b>Percentage</b>
1	Public Bank Berhad	8	5	63
2	MISC Berhad	8	5	63
3	Alliance Finance Group Berhad	9	6	67
4	Tradewinds Corporation Berhad	7	5	71
5	Malaysian Pacific Industries Berhad	5	3	60
6	Guinness Anchor Berhad	8	6	75
7	Sapuracrest Petroleum Berhad	7	5	71

Note: ID – Independent director

### 6.6.1 Independent Directors' demographic characteristics

Table 6.21 summarises the demographic characteristics of independent directors in this study. The profiles of the individual independent directors is provided in Appendix M.

**Table 6.21: Independent directors' demographic characteristics**

Characteristic	Frequency	Percentage
<b>Gender</b>		
• Male	278	96.5
• Female	10	3.5
<b>Ethnic groups</b>		
• Malays/ <i>Bumiputera</i>	168	56.6
• Chinese	101	35.1
• Indian	19	6.6
• Other (Foreigners)	5	1.7
<b>Age</b>		
• Less than 30 years	1	0.3
• 30-40 years	4	1.4
• 41-50 years	30	10.4
• 51-60 years	83	28.8
• Above 60 years	170	59.0
Mean	63.16	
Minimum	37	
Maximum	86	
<b>Tenure</b>		
• Less than 5 years	128	44.4
• 5-10 years	91	31.6
• 11 - 15 years	29	10.1
• More than 15 years	40	13.9
Mean	7.49	
Minimum	0.1	
Maximum	43	

Note: The figures exclude redundant data due to multiple directorships held by the independent directors

**Gender.** Similar to chairman and CEOs' characteristics, the majority (about 97%) of the independent directors in this study were male. Only 3.5 per cent of them were women, the majority of whom were retired government officers.

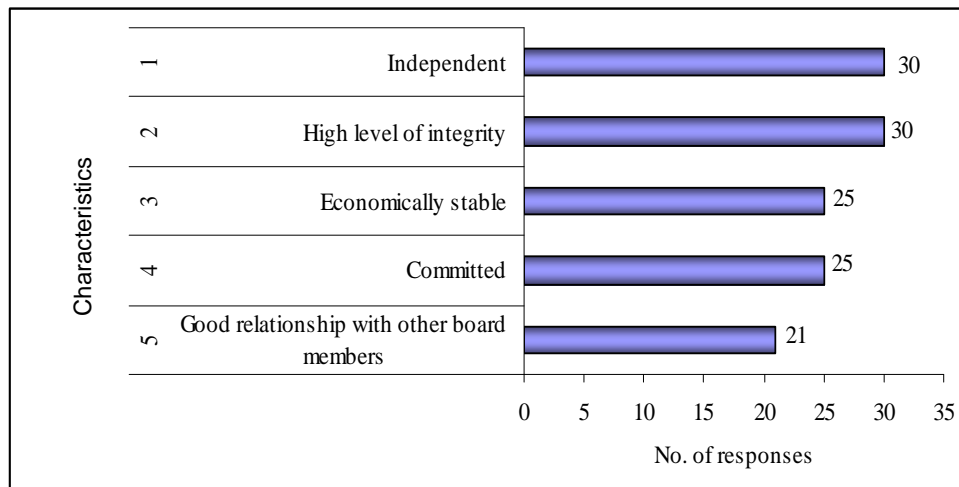
**Age.** The age of independent directors in this study ranged from 37 to 86 years. A large percentage (about 88%) of the independent directors was aged over 51 years. The average age of independent directors was 63 years.

**Ethnic group.** The ethnic majority of the independent directors in this study were Malay and Chinese. Only a few were Indian or foreigners.

**Tenure.** The independent directors' tenure in this study was found to range between 0.1 and 43 years, with an average tenure of 7.5 years in their companies. Although some of them had served more than 15 years, a large percentage (44%) had served less than 5 years in their companies. The highest independent directors' tenure was 43 years. This was Dato' Loh Say Bee, the independent director of Oriental Holdings Berhad.

### **6.6.2 Desired personality characteristics and values**

The interviews also provided some interesting views concerning the characteristics of independent directors in Malaysia. Based on Figure 6.11, being independent and having a high level of integrity were found to be the most important personality characteristics and values for independent directors in this study, followed by being economically stable, committed and having good relationships with other board members.



**Figure 6.11: Five types of desired independent directors' personality characteristics and values**

Concerning the importance of independence, many participants in this study explained that this quality was important to enable such directors to provide independent views, to question the boards and stimulate boards' discussions. Consequently participants commented:

*Good independent directors have to speak up if they feel that the board is not doing the right things (Chairman).*

*One of my independent directors always asks the killer questions that need my board to think hard to find the answer (Chairman).*

*The best independent directors act as a facilitator. They provide guidance to the board (CEO).*

Hence, another participant suggested that the choice of the independent directors should be undertaken systematically to enable the firm to appoint 'independent' candidates. A chairman added:

*It does not matter where the independent directors come from. More important is filtering the candidates. Then the company will get the person that is truly independent (Chairman).*

Meanwhile, some participants emphasised the importance of integrity because it relates to the main duties of independent directors for the stewardship of the board and the company. As pointed out by two research participants:

*Independent directors have to be able to provide checks and balances or be whistleblowers if necessary (CEO).*

Concerning the importance of independence of income, one interesting point raised was that the independent director should be ‘economically stable’ because then the person can exercise independent judgment. As one ID reported:

*From my experience, the independent director who has a stable financial background does not usually rely on remuneration as a source of income. Thus, the person will not become a rubber stamp director (Independent Director)*

Some participants added that independent directors have to be committed to their jobs, and be especially willing to spend time involved in all company activities. As explained by one participant:

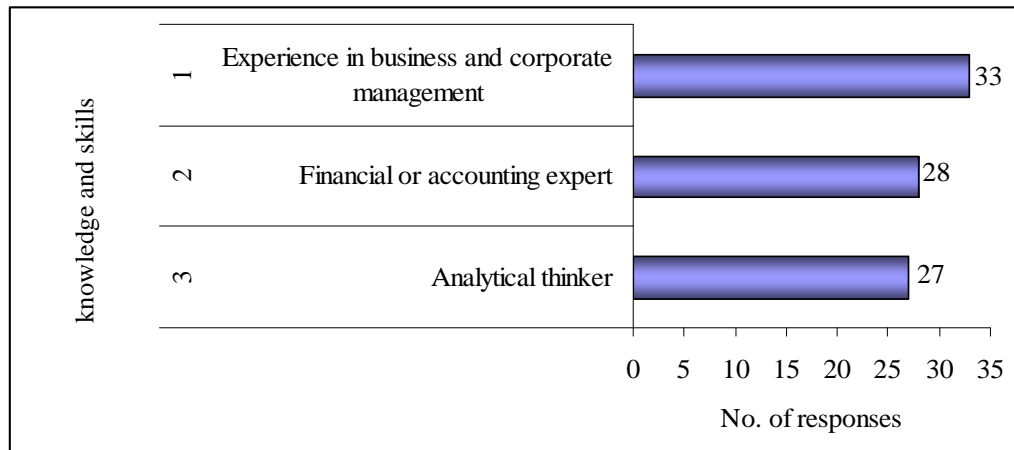
*He is always diligent in his work. He spends time visiting field sites, meeting the CEO, talking to company management and gives great attention to detail (CEO).*

Finally, another participant highlighted the importance of having good relationships with other board members:

*The independent directors of this company work together with the CEOs and the rest of the board members, for the benefit of the company and do not view meetings as a place to score points (Chairman).*

### 6.6.3 Competencies

Figure 6.12 shows three types of competency that were found to be important for the independent directors in this study, including experience in business and corporate management, financial or accounting knowledge, and analytical thinking skills.



**Figure 6.12: Three types of independent directors' desired competencies**

Concerning experience in business and corporate management, four advantages of having experienced, independent directors were taken from participants' points of view, as follows:

- i. they can usually understand business issues easily
- ii. they are always questioning the CEOs
- iii. they are able to provide a critical view in the boardroom
- iv. they can make good judgements

The following statements reflect the above points:

*Our independent directors come from diverse industrial experience. We have bankers, a professional accountant and one retired government officer. These people are very independent and always questioning the management in the board meetings (CEO).*

*Outstanding independent directors do need a breadth of experience to be able to access and comment on a full range of issues (Chairman).*

*We have to be sufficiently experienced to know how to get the best out of other people around the boardroom table (Independent Director).*

*I would rather have an Independent Director who knows about business than a retailer or ex-retailer (Chairman).*

In addition, independent directors should possess relevant educational qualifications. In this study, it was found that a high percentage of independent directors had four types of educational qualifications, including those in finance or accounting (23.9%), economics (20.4%), arts (10.9%) and law (10.2%). In addition, substantial percentages of independent directors had business studies, or engineering qualifications (see Table 6.22).

**Table 6.22: Independent directors' educational qualification**

No.	Types of educational qualification	Frequency	Percentage
1	Finance or accounting	68	23.9
2	Business studies	20	7.0
3	Engineering	24	8.5
4	Law	29	10.2
5	Economic	58	20.4
6	Agriculture	8	2.8
7	Art	30	10.9
8	Commerce	7	2.5
9	Defence studies	7	2.5
10	Science	12	4.2
11	Education	1	0.4
12	Public administration	5	1.8
13	Architecture	4	1.4
14	Agribusiness	1	0.4
15	Others (IT, urban planning)	7	2.5
16	Social science	2	0.7
	Total	284	100

Note: five records not found.

Table 6.22 indicates that the highest percentage of independent directors in this study had qualifications in finance or accounting. Following from this, many participants explained that having financial or accounting knowledge helped the independent directors to be more critical and give feedback in the boardroom, especially concerning the financial aspects of the company. As a result, board members considered that:

*They must be financially literate, with a strong understanding of business knowledge and skills (CEO).*

*We need an independent director that is well versed in finance because the person has more critical understanding of the company financial aspects (Chairman).*

*Many experienced independent directors in Malaysia have financial backgrounds. We can name a few examples (Chairman).*

However, it was argued that having experience in business or financial expertise is not sufficient in itself to be for an independent director because if the person has no analytical or strategic thinking ability they are unable to understand and interpret various business issues. Hence, analytical thinking skills were found to be a critical competency for independent directors in this study.

*He needs to be a great judge of when to raise subjects, in or out of the boardroom (CEO).*

*Good independent directors can distil information and concepts quickly and have the ability to validate data and formulate discussions (CEO).*



## 6.7 Summary

This study shows that the top 100 Malaysian PLCs included in this study had diverse company backgrounds, particularly concerning their industrial sectors, ownership structure, and the characteristics of boards of director members. For example, a large number of Malaysian PLCs were owned by the government or the Chinese (individual or their proxies). They indirectly had shaped the characteristics of the boards of directors of Malaysian PLCs because of their dominant power in board decision-making.

Concerning the characteristics of board members, this study shows that board members of the top 100 Malaysian PLCs need to have a combination of four groups of characteristics: relevant demographic backgrounds; particular personality characteristics and values; relevant knowledge and skills; and good networks with the government. However, each of the board members, including all directors, chairman, CEOs and independent directors, need particular characteristics. The results are summarised as follows:

### 6.7.1 Demographic characteristics

Table 6.23 provides a summary of board members' demographic characteristics. The summary shows that:

- i. The majority of the board members of the top 100 Malaysian PLCs in this study, including all directors, chairmen, CEOs and independent directors, were male.
- ii. Malay and Chinese were the main ethnic groups within board memberships of Malaysian PLCs; except for the CEOs (dominated by the Chinese) other types of board members were dominated by Malays.
- iii. The chairmen had the longest tenure (average 11.63 years) compared with independent directors and CEOs in this study; the average tenure of all directors was 7.69 years
- iv. The independent directors were found to be the senior board members with an average age of 63.1 years, followed by chairman (62.1 years) and the CEOs (50.25 years), average age for all directors was 57.54 years.

**Table 6.23: Summary of board members' demographic characteristics**

No	Characteristics	Comparative analysis			
		Directors	Chairman	CEO	ID
1	Gender	94% male 6% female	100% male	94% male 6% female	96% 4%
2	Ethnic groups <ul style="list-style-type: none"> <li>• Malay</li> <li>• Chinese</li> <li>• Indian</li> <li>• Foreign</li> </ul>	48% 41% 4% 7%	63.9% 31.3% 0 4.8%	33.7% 51.1% 2.2% 13.0%	56.6% 35.1% 6.6% 1.7%
3	Tenure (mean) years	7.69	11.63	6.97	7.49
4	Age (mean) years	57.54	62.1	50.25	63.16

Note: CEO – Chief Executive Officer  
ID – Independent director

### 6.7.2 Personality characteristics and values

Table 6.24 shows a summary of the personality characteristics and values that are important to be a board member. Some of the details that can be drawn from the table are as follows:

- Although each type of board member was required to have similar types of personality and values, the levels of importance for each characteristic were slightly different among board members; for example, the most important characteristic of chairmen found in this study was said to be the ability to lead the board, while CEOs need to be goal-oriented, ambitious and have vision. The independent directors, on the other hand, must be seen to be independent. Meanwhile, the most important characteristic of all directors was thought to be commitment.
- Some of the characteristics that were found to be important for all board members included integrity, commitment and good relationships with other board members and management.

**Table 6.24: Summary of board members' personality characteristics and values**

No	Characteristics	Comparative analysis (rank)			
		Directors	Chairman	CEO	ID
1	Open minded	✓(2)	✓(3)	NA	NA
2	Integrity	✓(4)	✓(6)	✓(4)	✓(2)
3	Goal oriented, ambitious, high vision	✓(5)	✓(8)	✓(1)	NA
4	Committed	✓(1)	✓(2)	✓(2)	✓(4)
5	Good relationships with other board member	✓(3)	✓(4)	✓(3)	✓(5)
6	Former director	NA	✓(5)	NA	NA
7	Well-known in corporate sector	NA	✓(7)	NA	NA
8	Independent	NA	NA	NA	✓(1)
9	Economically stable	NA	NA	NA	✓(3)
10	Sincere	✓(6)	NA	NA	NA
11	Ability to lead the board	no	✓(1)	NA	NA

Note: CEO – Chief Executive Officer

ID – Independent director

NA – not applicable

### 6.7.3 Competencies

In this study, the competencies that are important for all board members were found to be quite similar (see Table 6.25). Based on Table 6.25 it can be summarised that:

- i. Not surprisingly, experience in business and corporate management and relevant knowledge and skills were found to be the most important competencies for all board members (all directors, chairmen, CEOs and independent directors).
- ii. In accordance with knowledge and skills, generally all directors need to have six types of knowledge and skills including financial or accounting, business management, legal, communication, analytical thinking and some technical skills, however, finance or accounting knowledge was found to be the most important knowledge and skill for board members in this study.
- iii. All board members were found to have similar types of educational qualifications, however, the most important qualifications appeared to be those associated with finance or accounting.

**Table 6.25: Summary of board members' competencies**

No	Characteristics	Comparative analysis			
		Directors	Chairman	CEO	ID
1	Experience in business and corporate management	✓ (1)	✓ (1)	✓ (1)	✓ (1)
2	Relevant knowledge and skills	✓ (2)	✓ (2)	✓ (2)	✓
	• Finance/accounting	✓	✓	✓	✓
	• Business management	✓	NA	✓	NA
	• Legal	✓	NA	NA	NA
	• Communication skills	✓	✓	✓	NA
	• Analytical thinking skills	✓	✓	NA	✓
	• Some technical skills	✓	NA	NA	NA
3	Types of education qualification (top 6)				
	Finance accounting	22.7%	15.0%	20.7%	23.9%
	Engineering	12.6%	11.3%	19.5%	8.5%
	Economics	17.8%	18.8%	12.9%	20.4%
	Business studies	12.3%	11.3%	19.5%	7.0%
	Law	9.0%	17.5%	6.9%	10.2%
	Arts	7.9%	8.8%	6.9%	10.2%

Note: CEO – Chief Executive Officer

ID – Independent director

NA – not applicable

#### 6.7.4 Networking with the government

In addition to the above characteristics, this study revealed that directors and chairmen of Malaysian PLCs also need to have strong networks with the Government, particularly to secure government projects. As a consequence, a large number of Malaysian PLCs have appointed retired government officers to their boards.

The characteristics of board members revealed in this study are discussed further in Chapter 8, where the discussion relates these findings to both theoretical and empirical evidence from previous studies.

## **CHAPTER 7**

### **RESULTS 2**

#### **CHARACTERISTICS OF EFFECTIVE BOARDS**

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##### **7.1 Introduction**

An increasing number of corporate frauds have led to a call for the improvement of board effectiveness in Malaysia. This chapter reports the characteristics of effective boards in the context of Malaysian PLCs. These characteristics were suggested during the interviews of 41 participants in this study, and supported by the characteristics of the top 100 Malaysian PLCs obtained from the 2007 annual reports of these companies. The topics covered in this chapter include:

- 7.2 Characteristics of effective boards
- 7.3 Board memberships
- 7.4 Board culture
- 7.5 Board roles
- 7.6 Board structure and process
- 7.7 Summary

##### **7.2 Characteristics of effective boards**

Prior studies have shown that board effectiveness relies on various aspects of boards of directors including board composition, structure, roles and board dynamics (e.g. Pearce & Zahra, 1991; Leblanc, 2003; Epstein & Roy, 2004; Levrau & Van den Berghe, 2007a). More importantly, Sonnenfield (2002) argued that boards of directors were considered effective if their companies achieved long-term success.

Analysis of interview data in this study found that having effective boards was crucial for Malaysian PLCs, especially to sustain performance in a global business environment. For example, three participants offer associated views:

*I would challenge anyone who says a good company has a weak board. I am not saying that a good board is a guarantee for a good company, but it is one important factor that contributes to a good company (Independent Director).*

*If you have a bad board, eventually the company will fail because the management will say, "Why do I have to work hard while the board is not?" We can see many companies' collapse because of poor boards (Chairman).*

*An effective board of directors will seek information that goes beyond assessing the quantitative performance of the enterprise and look at other performance factors such as customer satisfaction, product and service quality, market share, market reaction, environmental performance and so on (Representative of Malaysian corporate governance organisation).*

Based on the above participants' points of view, effective boards were perceived to be the boards that focused on overall company performance, including customer satisfaction, product quality and firm financial performance.

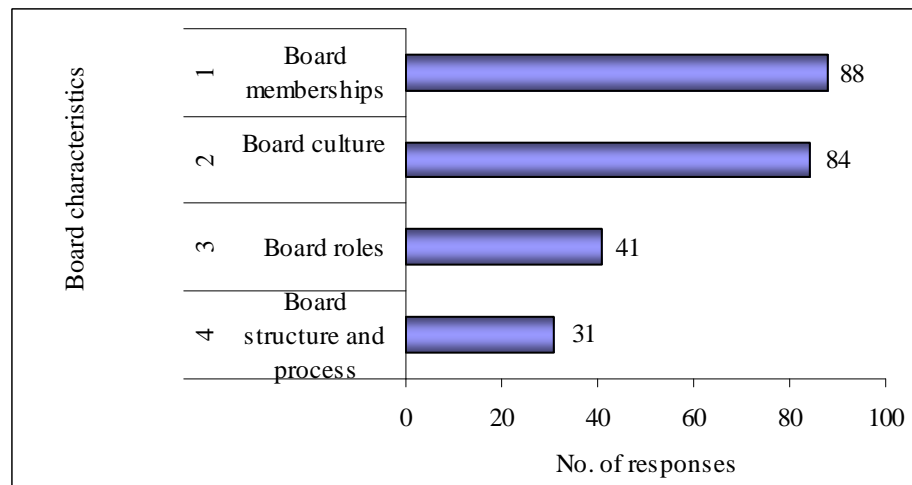
In this study, 12 essential characteristics of effective boards were ascertained in the interviews (see Table 7.1). As these characteristics fall into specific aspects of effective boards, in accordance with the literature (e.g. Sonnenfield, 2002; Finkelstein & Mooney, 2003; Ingley & Walt, 2003; Leblanc, 2003; Carter & Lorsch, 2004; Epstein & Roy, 2004; Levrau & Van den Berghe, 2007b) they were classified into four categories: (i) board memberships; (ii) board culture; (iii) board roles; and (iv) board structure and process. Figure 7.1 provides a summary of the results, grouped and sorted by frequency in descending order.

**Table 7.1: Characteristics of effective boards according to participants' points of view**

<b>No</b>	<b>Characteristics</b>	<b>Total response</b>	<b>Classification number</b>
1	Diverse backgrounds of board members	35	1
2	Competent board members	30	1
3	Board has clear roles and responsibilities	27	3
4	Cohesive board	25	2
5	Board has good leadership by the chairman and the CEO	23	1
6	Board has good relationships with the management	22	2
7	Separate roles of chairman and CEO	16	4
8	Well defined committee and working procedures	15	4
9	Board is able to convert firm's strategy into action	14	3
10	Board members share the same goals	13	2
11	Board members show trust and tolerance to each other	13	2
12	Board has high achievement	11	2

Note: Data drawn from the interviews with 41 participants

1. Board memberships
2. Board culture
3. Board role
4. Board structure and process



**Figure 7.1: Characteristics of effective boards based on four classifications of board effectiveness**

The interview results presented in Table 7.1 and Figure 7.1 show that board memberships is the most frequently reported desirable characteristic, followed by the right board culture. In addition, it was found that effective boards should have clear roles and responsibilities, and the right board structure and processes. Details of these characteristics are reported in the following sections.

### 7.3 Board memberships

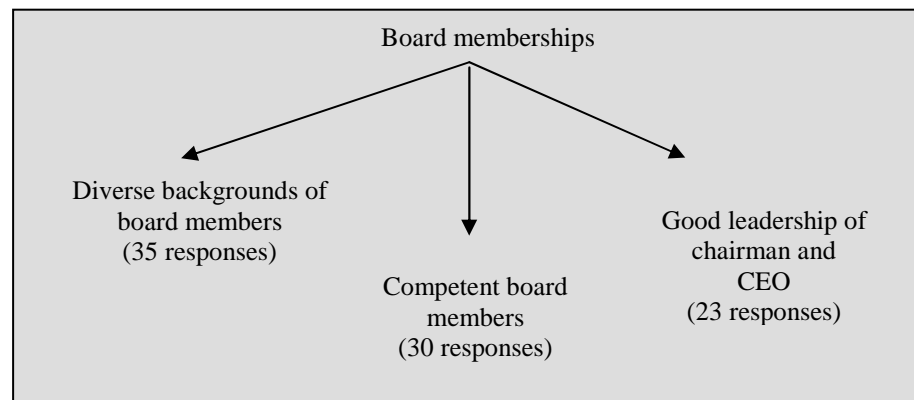
It has been argued that effective boards are composed of diverse and complementary board members' backgrounds (Berghe & Levrau, 2004). This would include a mixture of relevant skills and knowledge in business that can assist board members to contribute to superior decision-making. For example, as stated in the following quotation:

A best-in-class board is much more than a roster of prominent names. Truly exemplary boards are well-balanced teams that harness the diverse experiences, skills and intellects of their directors to pursue the strategic objectives of the companies they serve (Heidrick & Struggles, 2007a, p. 3)



In accordance with the above argument, many participants in this study explained that membership of effective boards would include a full range of board members' backgrounds that match their company's strategic needs.

In this study, participants described the three important components of board memberships to be: diverse backgrounds of board members; competent board members; and good leadership from both the chairman and CEO (see Figure 7.2).



**Figure 7.2: Three desirable components of board memberships**

Based on participants' points of view, diversity in the backgrounds of board members specifically referred to diversity of board members' experience, ages and professional backgrounds. These components had to be complementary to each other. As interviewees described:

*A diverse board means not only a balance of numbers, but also has a diversity of experience that is complementary to each other. For example, boards of directors of companies like Proton or Telekom, come from industry including people from technical, legal and professional accounting backgrounds (Independent Director).*

*The board should be a combination of younger and senior people. Ages 40 to 50 tend to be more energetic and more risk taking, whereas the seniors will be the wise men on the board (Chairman).*

*My board has very distinguished board members. They come from various backgrounds – business people, ex-government officers, a professional accountant and some bankers (Representative of Malaysian corporate governance organisation).*

Following this, participants gave three reasons for having diversity in the backgrounds of board members: (i) to provide more ideas and solutions for company decision-making; (ii) to enhance company policies and procedures; and (iii) to establish business networking for the company. It was pointed out by the participants that:

*The boards that have a mixture of people will ensure that when there is a need to look at some issues, they have someone who is expert in a particular area. The board members can always provide good ideas and solutions to the problem (CEO).*

*..... we have directors who have working experience in the US, professional engineers, and professional accountants. These people can always bring their experience to enhance company policy and procedures (CEO).*

*Our outside directors are well known in the corporate sector. They do not just bring their experience to our board, more importantly they provide good business networking too (Chairman).*

Participants also emphasised that to retain their positions in a competitive business environment, every director needs to be competent in their duties. Indeed, if the directors are no longer able to contribute to the future of the company, they should vacate their seats for a new director. *Now, if you are a director of a public company and you do not perform well, without any instruction from your company, you should voluntarily resign from your position (Independent Director).* In other words, directors must earn their places on the board, and perform at optimum levels to retain their positions.

However, due to the complexity of business no one can be familiar with all issues coming before the board. Hence, some participants argued that the requirements for board members' backgrounds and personality usually depend on a company's

requirements and business conditions. Furthermore, it was found that some Malaysian PLCs had more board members with technical backgrounds, while others seem to have members with stronger financial backgrounds. For example, five of 11 directors in Gamuda Berhad (Figure 7.3), a technical based company, were technical directors.

<p><u>Gamuda Berhad: Board composition: eleven directors, six non-executive directors (NED) and five executive directors (ED)</u></p> <p><u>The NED</u></p> <ul style="list-style-type: none"> <li>• One professional engineer and former director general of Malaysian public works department</li> <li>• Two lawyers by practice</li> <li>• One professional accountant</li> <li>• One former director-general of Prime Minister's Department</li> </ul> <p><u>The ED</u></p> <ul style="list-style-type: none"> <li>• Four professional engineers</li> <li>• One financial expert</li> </ul>
---

**Figure 7.3: Board composition at Gamuda Berhad: A case example**

Drawn from Gamuda Berhad annual report 2007, available at <http://www.bursamalaysia.com>

While these backgrounds were relevant to this company, one participant argued that the board should not be composed entirely of either technical or finance experts. The board instead should comprise a mixture of members' backgrounds, regardless of a company's activities. This is essentially important in order to provide more critical ideas in boardroom discussions and, therefore, add to the enhancement of board decision-making. As one person emphasised:

*We do not need 100% of technical people. We have to have a balanced board like an accountant, engineer, lawyer and surveyor in our company. I can expect this combination to contribute to good discussions in board meetings (Chairman).*

It has also been argued that effective boards need to have good leaders (Carter & Lorsch, 2004). Indeed, many participants in this study expressed that leadership of the chairman and CEO was important for the effectiveness of boards of directors. For example, three participants indicated that:

*Good boards have good leaders. Both, the chairman and the CEO, should have good personalities, attitudes and experience, who can lead the board and the company (Representative of Malaysian corporate governance organisation).*

*The chairman must be a good leader who is able to encourage smooth functioning of the board, and determine boards' meeting schedules. Over time, we do not want a board in which only the chairman speaks or controls the other board members (Independent Director).*

*If you are the chairman of your company, you have to take risks and you should have a vision for the future. You can have all the input you want, but you must lead the board successfully. (Representative of Malaysian corporate governance organisation).*

However, many participants argued that a chairman's leadership style should vary depending on company circumstances, as well as economic conditions. For example, an established company might need a more empowered leadership style, whereas a directive leadership style is probably more relevant to a newly established company. As stated:

*In my mind leadership is important in a variety of forms. Therefore, a company has to determine the most relevant leadership style for a company's stage and activities (CEO).*

*A mature company needs a more empowered leadership style than a directive style (Chairman).*

Another participant pointed out that to deal with a massive business environment, collaborative styles of leadership were more relevant than other styles:

*I think a collaborative style of leadership is essential today. It is impossible for somebody with a hierarchical management style to understand all company matters (Chairman).*

Other participants suggested that a company should use three criteria – flexibility, adaptability and a global mindset – to select the best candidate for the CEO or chairman positions. As they are: *all critical attributes of the CEO in today's business environment (CEO)*.

These findings imply that effective leadership by both chairman and CEO are vital for effective boards. However, a company should also take note that the leadership of both the chairman and CEO should be based on the internal and external contexts of the company.

Despite the above findings, it is also acknowledged that a balance of board members is not always practised in Malaysia, especially with respect to ethnicity and gender. In this study, participants commented that the imbalance of membership on Malaysian PLCs' boards was because many Malaysian PLCs' directors were appointed based on their personal networks, especially those with the government. Consequently, *because of this situation, some of the board members are not truly independent (Representative of Malaysian corporate governance organisation)*.

As a consequence, a large number of retired government officers have been appointed to Malaysian PLCs boards. Two participants argued that the retired government officers cannot contribute to the board because they have no experience in corporate management:

*At the moment we get too many retired civil servants on listed companies' boards. These people sometime cannot perform their role effectively because they lack business experience (CEO).*

*Many Malaysian directors are not professionally qualified to become listed company directors. Why I say this is because there are too many ex-civil servants on the board. Some of them are chairmen, even though they do not have experience in corporate governance (Independent Director).*

To overcome such problems, some study participants suggested Malaysian PLCs should give more attention to the professionalism of the potential candidates. Therefore:

*Companies should have broad criteria to capture various professional people and to add value to the company (CEO).*

*It should not be entirely based on personal networking as happens in Malaysia nowadays (Chairman).*

Following this, many participants in the present study suggested that Malaysian PLCs should utilise professional bodies or regulators to filter qualified directors as implemented in developed countries. Thus, only qualified individuals should be appointed as Malaysian PLCs' directors. Specific suggestions were to:

*Utilise a professional body like the Institute of Directors in the UK to screen the candidates (Representative of Malaysian corporate governance organisation).*

*Malaysia should establish professional institutions similar to the Institute of Directors in the UK to compile professional information of directors. A company can use this information to get the best candidate to be its director (Chairman).*

*A company can also utilise assisting bodies like MICG, MSWG or Bursa Malaysia to screen or filter the right candidates. (Chairman).*

This finding implies that effective boards rely on the professionalism of board members. To ensure that Malaysian PLCs comprise the right board members, Malaysian PLCs should develop criteria for characteristics of board members that are relevant to their companies' requirements.

## 7.4 Board culture

Much of the published research on corporate governance emphasises that culture is a central component to organisational performance (Kotter & Heskett, 1992; Nadler, 2006; Levrau & Van den Berghe, 2007b). However, because every corporation is unique individual directors should comprehend their company's culture to enable them to perform well in diverse cultures. Indeed, the board has to be sensitive to different cultures and the cultural nuances of different situations.

Two participants pointed out:

*In a new business environment, it is beneficial for directors to study company culture before he or she accepts the appointment. This is worthwhile so that the person can easily cope with the new culture (Independent Director).*

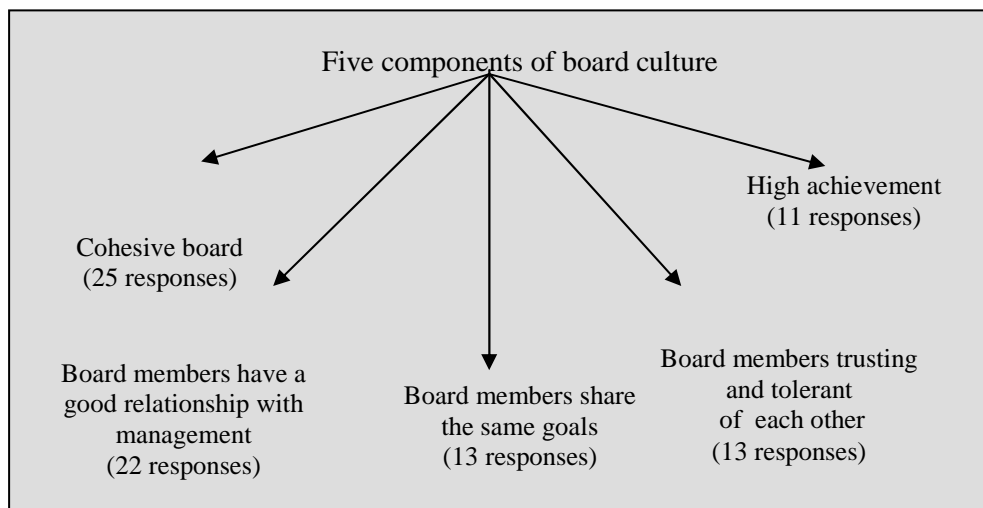
*Culture, the board should understand the company history. The history is the basis for every culture in the company (Chairman).*

Following the above statements, many participants believed that having a good culture is as important as having a set of business codes of conduct that can support firm guidelines rules or procedures. This can be used as an important instrument of a company's internal control. In effect:

*Good culture means good board practices, because everyone in the company has to possess good work value (CEO).*

*Many international companies such as General Motors, IBM, Shell - or our local company, Petronas, are successful because they have good values shared by its people (Chairman).*

Based on the participants' points of view, five components of culture were found to be important for building effective boards of Malaysian PLCs. They were: cohesive boards; good relationships with company management; sharing the same goals; board members were trusting and tolerant of each other; and high achievement (see Figure 7.4).



**Figure 7.4: Five components of good board culture**

In this study, many participants recognised the importance of having a cohesive board that comes to a common agreement. Two participants demonstrate this:

*Effective boards have good people who work together as a cohesive team. Board members have chemistry, close relationships, share the same goals and reach consensus when making decisions (Independent Director).*

*My board is a consensus board. All board members must agree in decision-making. If some board members do not agree, the board will not take on the issue. However, my board never faces such situations because the chairman is always able to convince the other members to agree (Representative of Malaysian corporate governance organisation).*

However, another participant emphasized that in reality developing a cohesive board was not a simple task. Being a multiracial country, characteristics of boards of directors in Malaysia are influenced by the culture of the boards. The participant added that some directors, especially Malay directors, had large egos and were not open-minded. Thus, many Malaysian PLCs' boards face some difficulties when trying to reach consensus regarding decision-making. As one participant explained:



*Our board is not an open-minded board and is not open to criticism. In fact, I found that Malay directors are worse than the Chinese directors are. Many of them (Malay) have high egos (Independent Director).*

In addition, some participants expressed that if the CEO and other board members had divergence in understanding of their roles, they were unlikely to develop close relationships. Thus, two interviewees stressed that:

*A good board always works hand-in-hand with the CEO and the management to ensure that the company is in a better position (Representative of Malaysian corporate governance organisation).*

*The board needs to have good relationships with the CEO and company management, not against them. Only then can the board make good decisions (Chairman).*

Another participant explained that trust among board members and sharing the same goals are crucial for effective boards in Malaysia.

*I have been in this position for 20 years, and some major changes have taken place. I am not talking about technology and information systems. I am talking about trust and respect in our people (Chairman).*

Despite the above points, in short, this study shows that good board culture is an important component for developing effective boards of Malaysian PLCs. Hence, no matter what the company is, establishing a good board culture is important for the present and future of the company.

## **7.5 Board roles**

Many studies have found that to ensure that a board performs its role effectively the roles of boards of directors should be clear, especially the roles of chairman and CEO (Cornforth, 2001; Dallas, 2001; Dalton et al., 2003; David, 2006). Likewise, many participants interviewed in this study raised the point that the

board should understand its roles and responsibilities clearly to drive the company to a better position. As explained by two participants:

*The board that has clear roles is able to put a company in a better position (CEO).*

*I believe that without a clear understanding of their roles, the boards will not perform effectively and they will waste company resources (Representative of Malaysian corporate governance organisation).*

However, many participants emphasised that the roles of boards of directors today should be more than just overseeing their companies. More importantly, boards of directors should be able to add value to boardroom discussions and decision-making processes, as well as to oversee strategic issues that are relevant for the future of their respective companies. Specifically, the board needs to be able to put company strategies into action leading to high achievement in firm performance. When this occurs:

*An effective board is able to come up with effective planning and focuses on the long-term agenda of the company (CEO).*

*A good board is always able to detect a wrong strategy when a company has implemented the wrong strategy and take immediate action to tackle the problem (Independent Director).*

*The best boards enjoy serving the company. Even when the company is going through a tough time, these boards will work hand-in-hand to improve the company (Representative of Malaysian corporate governance organisation).*

Due to the important role of the boards, it was found that the majority of the Malaysian PLCs in this study outlined the roles of the board and its members in their annual reports. For example, three companies (Public Bank Berhad, Telekom Malaysia Berhad, and British American Tobacco (M) Berhad) (that were ranked in the top 10 in the corporate governance survey by MSWG and Nottingham University in 2006 and 2007) had outlined five aspects of their

boards' roles. These included strategic planning approval, budget approval, establishment of company policies and procedures, oversight of company activities and financial performance, and protection of the company from any risk (see Table 7.2).

**Table 7.2: An example of roles of boards of directors of three companies**

No	Roles of the board	Public Bank	Telekom	BAT
1	Strategic planning approval	✓	✓	✓
2	Establishment of policy and procedures	✓	✓	✓
3	Budget approval	✓	✓	✓
4	Oversight of company activities and financial performance	✓	✓	✓
5	Control the company (risk management & operational control)	✓	✓	✓

Note: Drawn from 2007 annual reports of Public Bank Berhad, Telekom Malaysia Berhad and British American Tobacco (M) Berhad.

Unfortunately, many participants argued that in reality some boards did not understand their roles clearly. As a consequence they often failed to enhance company performance. Here are three such examples put forward by participants:

*The company share price dropped when the board had internal problems (CEO).*

*Many companies have a strong strategy, yet they fail. Why? To me it is simply because of bad people, especially the board and the CEO did not play their strategic roles (Chairman).*

*We can see many companies collapse or not perform well, because the board was not accountable for their roles (Independent Director).*

Despite the important role of the board, collectively many participants pointed out that the roles of individual board members cannot be defined easily because all of them have equal responsibilities to the board.

*Yes, the board roles are important, but can we define individual board members' roles. It is always mixed up (Representative of Malaysian corporate governance organisation).*

*I know my role, but I am not making any company decision. All decisions are board decisions (Independent Director).*

In general, this finding shows that board members should understand their roles to ensure that they can contribute to effective boards. In addition, boards' roles today should be focused on long-term strategic issues rather than just overseeing a particular company.

## **7.6 Board structure and process**

The effectiveness of boards is also buttressed by their structures and procedures (Cadbury Report, 1992). Ideally, a board's structure should be closely aligned with a company's strategy and business model so that the board is able to deal with any challenges faced by its company. However, it has been argued that there is no such thing as a universal ideal board structure, because such structures are constrained by various issues including company laws and codes of conduct (Heidrick & Struggles, 2007a). A particular structure that meets the needs of one board might be inappropriate for others. Indeed, high-performance companies around the world, as well as in Malaysia, are found to have a wide variety of governance structures, with different leadership models, different board sizes and varying committees.

In this study, several components of board structure and process were found to be important for effective boards of Malaysian PLCs, including leadership structure, board committees, board remuneration and size of the board.

**Leadership structure.** In Malaysia, the importance of having well defined board structures has been suggested by the MCCG (2000). One of the suggestions is that Malaysian PLCs should separate chairman/CEO duties, to ensure a balance of power and authority. Following this suggestion, participants favoured the separation of Malaysian PLCs chairman from CEOs. Participants recognised that the separate roles of chairman and CEO tend to delineate activities and responsibilities clearly. Furthermore, they commented that directors tended to be controlled by the CEO, especially when the board had duality of roles of the chairman and CEO. Thus:

*From what I observed, boards that have an executive chairman tend to be more like "rubber stamp" boards because the chairman usually controls (Representative of Malaysian corporate governance organisation).*

*In the case of family owned firms, most chairmen are also the CEO. These people usually dominate the board. Even though the board members are not competent, it is not an issue because the chairman is the actual decision maker. I think it still happens even now (Independent Director).*

It was argued that the tasks of running the board and running the company have become more complex and differentiated and that it is unlikely that one person can possess both sets of skills. Therefore, both the chairman's and CEO's roles require clarification and negotiation.

*I think that it is better to have a very independent chairman. The roles of the chairman and the CEO should be separated to avoid conflicts of interest (Representative of Malaysian corporate governance organisation).*

In accordance with such points of view, this study found that the positions of chairman and CEOs of the top 100 Malaysian PLCs were usually separated (90%). Only 10 per cent of the companies in this study had combined roles of chairman and CEOs (see Table 7.3).

**Table 7.3: Ten companies that have duality of roles of chairman/CEO**

No	Company	Major shareholder
1	IOI Corporation Berhad	Progressive Holdings Sdn. Bhd*
2	IOI Property Berhad	IOI Corporation Berhad
3	Batu Kawan Berhad	Arusha Enterprise Sdn. Bhd**
4	Kuala Lumpur Kepong Berhad	Batu Kawan Berhad
5	Berjaya Corporation Berhad	Tan Sri Dato' Vincent Tan
6	Top Glove Berhad	Tan Sri Dr. Lim Wee-Chai
7	Genting Berhad	Kien Huat Reality Sdn. Bhd***
8	Resort World Berhad	Genting Berhad
9	Pakson Berhad	Excell Step Investments Limited ****
10	E & O Property Dev.	AMMB Nominee (Tempatan Sdn Bhd, Aminternational (L) Ltd for Eastern & Oriental Berhad *****

Note: data drawn from 2007 companies' annual reports available at <http://www.bursamalaysia.com>

\* Issued Capital held by Dato' Lee Shin Cheng and his son Dato' Lee Yeow Chor and Lee Yeow Seng

\*\*\* 49.33 per cent of the issued capital held by directly and indirectly by Dato Seri Lee Oi Han

\*\*\* Issued capital held by the family of Tan Sri Lim Goh Tong (former Genting Berhad founder)

\*\*\*\* Issued capital held by Tan Sri William H.J Cheng

\*\*\*\*\* 65% of the issued capital held by Dato' Tham Ka Hoon

Apparently, these ten companies were controlled by the Chinese as the major shareholders (individual or their proxies). Some of these companies, including IOI Corporation and Property, Genting Berhad and Resort World, Batu Kawan and KL Kepong) were holding companies. This reveals that, in Malaysia, duality of roles of the chairman and CEOs was common among companies controlled by Chinese shareholders (see Table 7.3 and Appendix N).

**Board committee.** In Malaysia, the establishment of board committees is permitted under Article 89 of the Companies Act to allow board members to concentrate on specific issues in more detail. Consequently, the top 100

Malaysian PLCs included in this study were found to have established various board committees including audit, remuneration, nomination, Employee Stock Option Scheme (ESOS) risk management, executive committee and others.

Three committees (audit committees, nomination committees and remuneration committees) were found to be the most important committees in this study (see Table 7.4). For example, all the top 100 Malaysian PLCs have audit committees, followed by nomination committees (97%) and remuneration committees (96%). This implies that Malaysian PLCs have acknowledged the importance of having these committees to enhance corporate governance standards, especially audit committees.

In addition, an overwhelming number of the top 100 Malaysian PLCs have established three other committees: ESOS, risk management committees and executive committees. Specifically, the finance industry, has established other committees that relate to financial management such as risk management committees, credit committees, muamalat<sup>27</sup> committees and syariah<sup>28</sup> committees. In conjunction with the transformation programme of the GLCs set up by the government, (Khazanah Nasional, 2006), it was found that the majority of GLCs (e.g. Tenaga Malaysia Berhad, Telekom Malaysia Berhad and Malaysian Airline System Berhad) in this study had established tender committees. Appendix O shows the distribution of board committees of the top 100 Malaysian PLCs in this study.

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<sup>27</sup> Civil contracts and all civil contracts can be used in Islamic banking and finance (Hassan, 2003)

<sup>28</sup> Shariah aspects of Islamic banking and finance revolve around Shariah requirements. The requirements include: producing and trading of impure materials; and producing and trading of materials that involve no risk 'Gharar, riba or involve gambling (Hassan, 2003)

**Table 7.4: Board committees according to industry sector**

Types of Committee	Industry sector									
	Trading /services	Finance	Industrial products	Consumer products	Construction	Infrastructure project cos.	Plantation	Property	Technology	Total
Audit	32	15	12	9	7	5	10	9	1	100
Nomination	32	15	11	9	7	5	10	8	0	97
Remuneration	32	15	11	8	7	5	10	8	0	96
Risk	5	7	2	2	1	1	1	4	1	24
Investment	4	3	0	0	0	0	0	0	0	7
ESOS	7	6	3	0	4	1	3	2	0	26
CSR	0	0	0	1	0	0	0	0	0	1
Credit	0	2	0	0	0	0	0	0	0	2
Executive	2	3	1	1	3	1	2	3	0	16
Tender	4	0	0	0	0	0	0	0	0	4
Disciplinary	1	0	0	1	0	0	0	0	0	2
Muamalat	0	1	0	0	0	0	0	0	0	1
Syariah	0	1	0	0	0	0	0	0	0	2
Share	1	0	0	0	0	0	0	0	0	1
OSHA	0	1	0	0	0	0	0	0	0	1

Note: Data drawn from 2007 annual reports of the top 100 Malaysian PLCs, available at <http://www.bursamalaysia.com>



**Board meetings.** To ensure the efficient functioning of boards of directors, Malaysian PLCs' boards are required to meet at least 4 times in a year (KLSE Listing Requirements, 2002). For financial institutions, boards should convene meetings once every three months (Bank Negara Malaysia, 2005). In accordance with this requirement, this study found that the majority (98%) of boards of the top 100 Malaysian PLCs had convened at least four meetings a year. However, the average number of board meetings was seven (see Table 7.5).

**Table 7.5: Number of board meetings of top 100 Malaysian PLCs**

Number of board meetings per year	Frequency	Percentage
2	1	1.0
3	1	1.0
4	23	23.0
5	20	20.0
6	11	11.0
7	9	9.0
8	11	11.0
9	4	4.0
10	4	4.0
11	2	2.0
12	2	2.0
13	4	4.0
14	1	1.0
15	2	2.0
16	3	3.0
17	1	1.0
23	1	1.0
Total	100	100.0

Mean : 7.2

Min : 2

Max : 23

The number of board meetings ranged between two and 23. Although two companies had not met the KLSE Listing Requirements, the majority of the boards (74 %) convened four to eight times a year. Only two per cent met less than three times per year, 19 per cent held nine to 15 meetings in a year, and five per cent held more than 15 meetings a year.

In accordance with BNM regulations, the majority of finance companies in this study met more than 7 times a year. As shown in table 7.6 only three companies (Hong Leong Finance Group Berhad, OSK Holdings Berhad and TA Enterprise Berhad) convened only four meetings. Other finance companies convened more than 10 board meetings a year. This implies that the majority of Malaysian financial companies fulfilled the BNM requirement. A detail of board meetings of the top 100 Malaysia PLCs in this study is exhibited in Appendix N.

**Table 7.6: Number of board meetings for financial companies**

<b>No</b>	<b>Company</b>	<b>No. of meeting a year</b>
1	Maybank Berhad	16
2	Public Bank Berhad	16
3	Bumiputera Commerce Holding Berhad	15
4	RHB Capital Berhad	23
5	Hong Leong Bank Berhad	10
6	AMMB Holdings Berhad	13
7	Bursa Malaysia Berhad	13
8	Hong Leong Finance Group Berhad	4
9	Aminvestment Group Berhad	11
10	Alliance Finance Group Berhad	13
11	EON Capital Berhad	8
12	Affin Holdings Berhad	7
13	TA Enterprise Berhad	6
14	LPI Capital Berhad	2
15	OSK Holdings Berhad	4

**Board remuneration.** Board remuneration has been argued to be an important determinant of directors' commitment (Brian, 2002; Wei, 2005). In this study, a participant suggested that to enable board members to contribute effectively in their positions, they should receive sufficient levels of remuneration equivalent to their level of contribution. By way of explanation one Chairman stated:

*Because commitment requires time, mental and emotional energy, most directors expect reciprocation. They assume that in exchange for their commitment, they will get something of value in return, especially high remuneration (Chairman).*

However, board remunerations of the top 100 Malaysian PLCs in this study were found to vary from one company to another. As shown in Table 7.7 and the associated detail in Appendix N, the average board remuneration of Malaysian PLCs was RM5.2 Million. The majority (67%) of the companies had a range of remuneration of less than RM4 million.

**Table 7.7: Board remuneration of the top 100 Malaysian PLCs**

Range of remuneration (RM)	Frequency	Percentage
less than 1 million	15	15.0
1,000,000 - 2,000,000	21	21.0
2,000,001 - 3,000,000	16	16.0
3,000,001 - 4,000,000	15	15.0
4,000,001 - 5,000,000	5	5.0
5,000,001 - 6,000,000	5	5.0
6,000,001 - 7,000,000	4	4.0
7,000,001 - 8,000,000	5	5.0
8,000,001 - 9,000,000	2	2.0
10,000,001 - 11,000,000	3	3.0
11,000,001 - 12,000,000	1	1.0
more than 12,000,000	8	8.0
Total	100	100.0

Mean : RM 5,264,345    Min : RM 191,441    Max : RM 44,708,000

In fact, a huge gap was found between board remuneration of GLCs and other companies. As exhibited in Table 7.8 Genting Berhad and its subsidiary, Resort World Berhad, were two companies that had the highest board remuneration in 2007, with almost RM45 million, respectively. This was similar to the situation in other companies controlled by Chinese shareholders (e.g. IOI Corporation Berhad, Public Bank Berhad and PPB Group Berhad) with a total of RM25, 297,000, RM36, 621,000 and RM14, 894,000, respectively.

Despite the fact that some GLCs (e.g. Sime Darby Berhad, MayBank Berhad, Tenaga Nasional Berhad and Telekom Malaysia Berhad) were ranked top 10 (in terms of market capitalisation), board remuneration of the majority of these companies was lower than for the companies mentioned above. For example, the total board remuneration of four GLCs (Sime Darby Berhad, Tenaga, Telekom and MISC Berhad) was only RM14, 190,403, which was lower than one Chinese company (e.g. IOI Corporation Berhad). This implies that board remuneration of Malaysian PLCs that are controlled by Chinese shareholders is higher than GLCs.

**Table 7.8: Board remuneration of the top ten Malaysian PLCs**

Rank	Company Name	Major shareholders	Remuneration (RM)		
			Executive	Non Executive	Total
1	Sime Darby Berhad	Amanah Raya Nominee (Tempatan) – Skim Amanah Saham Bumiputera*	2,011,000	1,376,000	3,387,000
2	IOI Corporation Berhad	Progressive Holdings Sdn. Bhd**	24,937,000	360,000	25,297,000
3	Maybank Berhad	Amanah Raya Nominee (Tempatan) – Skim Amanah Saham Bumiputera*	4,465,000	3,641,000	8,106,000
4	Tenaga Nasional Berhad	Khazanah Nasional Berhad*	1,107,280	791,301	1,898,581
5	Public Bank Berhad	Tan Sri Dato' Sri Dr. The Hong Piow ***	10,778,000	25,843,000	36,621,000
6	Telekom Malaysia berhad	Khazanah Nasional Berhad*	1,771,087	1,410,735	3,181,822
7	Bumiputera Commerce Holding Berhad	Khazanah Nasional Berhad*	9,350,000	15,210,000	24,560,000
8	MISC Berhad	Khazanah Nasional Berhad*	4,278,000	1,445,000	5,723,000
9	Genting Berhad	Kien Huat Reality Sdn. Bhd****	44,245,000	463,000	44,708,000
10	Resorts World Berhad	Genting Berhad	44,163,000	505,000	44,668,000

Note: Data drawn from 2007 Annual reports of the top 100 Malaysian PLCs, available at <http://www.bursamalaysia.com>

\*Issued capital held by the Government of Malaysia through its various investment agencies.

\*\* Issued Capital held by Dato' Lee Shin Cheng and his son Dato' Lee Yeow Chor and Lee Yeow Seng

\*\*\* The founder of Public Bank Berhad

\*\*\*\* Issued capital held by the family of Tan Sri Lim Goh Tong (Former Genting Berhad Founder)

**Board size.** Previous literature has documented contradictory opinions concerning the size of boards of directors (Pfeffer, 1972; Hossain et al., 2001; Kiel & Nicholson, 2003; Mallin, 2005). Similarly, the size of boards of directors of the top 100 Malaysian PLCs found in this study ranged from 5 to 15 members, with an average of 8.57 members. The majority of companies (74%) had less than 10 members on their boards. The overwhelming tendency was for boards to comprise between 7 and 9 members (64%). See Table 7.9. The complete board composition is exhibited in Appendix P.

**Table 7.9: Board size of the top 100 Malaysian PLCs**

Board Size	Frequency	Percentage
5	4	4.0
6	8	8.0
7	20	20.0
8	25	25.0
9	18	18.0
10	8	8.0
11	6	6.0
12	5	5.0
13	4	4.0
14	1	1.0
15	1	1.0
Total	100	100.0

Mean: 8.56

Max: 15

Min: 5

In relation to the industry sector (except for the construction and technology industry) board size in other industries was quite similar, i.e. 8-9. Although the average board size in the technology industry was five it cannot be assumed that this industry had smaller boards because only one company was involved in this study. Thus, the figure does not represent the average board size of the

technology industry. Table 7.10 shows a summary of board size of the top 100 Malaysian PLCs according to industry sector.

**Table 7.10: Average board size according to industry sector**

No.	Industry	Board size
1	Trading & services	8.5
2	Finance	8.6
3	Industrial products	9.0
4	Plantation	8.0
5	Consumer products	8.5
6	Property	8.1
7	Construction	10.2
8	Infrastructure project cos	8.8
9	Technology	5.0

Although it is becoming common for Malaysian PLCs' boards to be smaller, it was found that participants' opinions on board size were contradictory. For example, some participants said that the board should be more than ten members. The main reason given was that the more members the boards have, the more ideas the boards can secure. One chairman felt that:

*To me, the board should be more than 10 but less than 15 members. Why I say this is because getting more ideas from the board members results in better decision-making of the board (Chairman)*

However, some participants commented that board size should be less than six, because the board becomes more cohesive and easier to handle:

*I would prefer to have less than six board members, probably five members. Then it is easy to arrange and manage board meetings (CEO).*

*I have seen companies that have bigger board sizes, but then the board members are less cohesive, and do not know each other very well (Independent Director).*

Although there was some disagreement about the size of the board, participants of this study commented that the most important aspect is the board's working procedures. Whether the board is large or small, the procedures have to be put in place to help the board perform its roles effectively, especially when meeting current demands from various stakeholders.

## **7.7 Summary**

This chapter reported the characteristics of effective boards based on interview data from the 41 participants in this study, and supported by data from 2007 annual reports of the top 100 Malaysian PLCs. The results show that the effectiveness of boards of directors in Malaysia depends on four interrelated components, which are in descending order: (i) diverse and competent membership, as well as good leadership of chairman and CEOs; (ii) strong cultures; (iii) clear roles and responsibilities; and (iv) good structures and processes.

More importantly, two of the characteristics of effective boards revealed in this study (board membership and board culture) are related to characteristics of individual board members. For example, some components of board membership (such as diverse backgrounds and competency) and positive board cultures revealed in this study (i.e. exhibiting cohesion, trust and good relationships) were also reliant on the personalities of individual directors. Such findings imply that characteristics of board members form the most important component of effective boards of Malaysian PLCs. These issues are discussed further in Chapter 8.



# CHAPTER 8

## DISCUSSION

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### 8.1 Introduction

In determining the characteristics of effective board members (directors, chairman, CEO, independent director) and effective boards of directors, and whether the characteristics of board members are congruent with board effectiveness, six research questions have been developed (see Chapter 4). Therefore, in order to fulfil the research objectives of this study (see Chapter 1) this chapter interprets, integrates and discusses the research results in relation to the relevant literature. The research questions are discussed below in order of their original presentation.

### 8.2 Question 1: What demographic characteristics are considered to be important for the effectiveness of Malaysian PLCs' boards, and why are they important?

Demographic characteristics of boards of directors members of Malaysian PLCs discovered in this study are in line with the upper echelon theory (Hambrick & Manson, 1984). This theory views the observable characteristics of the top management team (including boards of directors) as having both positive and negative impacts on various aspects of organisational performance, including job satisfaction (Wiersema & Bantel, 1992), strategic choice (Wiersema & Bantel, 1992; Schnake et al., 2005) and decision processes (Leda & Panayotopoulou, 2003; Goll & Rasheed, 2005). The results discovered that board members' demographic characteristics are important components influencing the effectiveness of boards of directors in Malaysia.

The results of the analysis of demographic backgrounds indicate that the average age of board members of Malaysian PLCs in this study was 57 years. This is in accordance with Ford (1992) who recommended that the appropriate age for

company directors should be less than 60. Therefore, the conclusion drawn from this thesis is that the average of 57 years is most suitable for board members of Malaysian PLCs. The argument given in this study is that board members up to this age are both physically and mentally fit to grasp new ideas (Koufopoulos et al. 2007), maintain creativity and resilience (O'Brien & Robertson, 2009) and be open to change (Sarkar & Sarkar, 2005). Furthermore, such age met the age requirements stipulated by the Malaysian Companies Act, which aligns with the ages of directors in ten European countries<sup>29</sup> (Heidrick & Struggles, 2007a) and Australia (Korn/Ferry International & Egan Associates, 2007). Based on these arguments, this study suggests that Malaysian PLCs should appoint board members who are not more than 60 years of age.

Results regarding board members' tenure show that the average tenure within a particular company is seven years. Based on previous studies (Forbes & Milliken, 1999; Goll & Rasheed, 2005) this average seven years of tenure is considered sufficient for board members of Malaysian PLCs to have acquired in-depth understanding about their companies, and established close relationships between each other and their company management. They can then be more effective in monitoring their firm, especially in preventing misconduct in the firm's activities (Schnake et al., 2005).

In this project, the average number of directorship positions held by board members of Malaysian PLCs was 2.16. In Fich and Shivdasani's (2004) study, holding three or more directorships was associated with weak corporate governance and firm performance; the result concurs with the view that holding two to three directorships is also relevant to the success of Malaysian PLCs. The argument is that holding too many directorships can result in board members becoming less committed (Liu & Chyan, 2008) and in reducing their focus in decision-making (Heidrick & Struggles, 2007a). This can contribute to negative effects on firm performance including weak corporate governance, lower market-

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<sup>29</sup> The average directors' age in Portugal, Spain, Sweden, Italy, Germany, the UK, Belgium, Switzerland, France and the Netherlands was 59 (Heidrick & Struggles, 2007a) and in Australia it was 57 years (Korn/Ferry International & Egan Associates, 2007).

to-book ratio and weaker profitability (Fich & Shivdasani, 2004). Supported by interview material, this study suggests that Malaysian PLCs' board members will be more committed to their jobs if they only hold two to three directorships.

The findings, however, failed to support the resource dependency, human capital and social capital theories, as well as previous studies which discovered that holding more directorships leads to board members obtaining more experience, knowledge, networking (Ferris et al., 2003; Ong et al., 2003; Fich & Shivdasani, 2004; Kor & Sundaramuthy, 2006) and enhanced firm values (Key & Li, 2005; Sarkar & Sarkar, 2005).

Next, the results also indicate that only five per cent of positions are held by women on the top 100 Malaysian PLCs' boards. This implies that the majority of Malaysian PLCs have not yet recognised the importance of having women on their boards. This study advocates that women should be given more chance to join Malaysian PLCs' boards. The recommendation is made because many studies have discovered that women directors contribute to the enhancement of firm performance (e.g. Burke, 2000; Carter et al., 2003; Singh & Vinnicombe, 2003; Arfken et al., 2004; Billimoria, 2006; Huse & Solberg, 2006; Smith et al., 2006; Campbell & Manguex-Vera, 2008). For instance, Smith et al. (2006) discovered that a high representation of women on corporate boards increased firm performance and shareholders' value. In agreement, Campbell and Manguex-Vera (2008) found that a higher percentage of women on corporate boards positively affected firm value. This shows that having more women on corporate boards tends to increase firm performance. Therefore, this study recommends that more women should be appointed as Malaysian PLCs' directors because they can make a positive contribution to firm performance.

Concerning ethnic diversity, this thesis supports previous studies which indicated that the representation of wider society on boards of directors contributed more expertise and experience to the boards functioning (Pearce & Zahra, 1991; Carpenter & Westphal, 2001; Fairfax, 2006; Grosvold et al., 2007) and increased firm performance (Carver, 2002; Walt & Ingley, 2003; Fairfax, 2006; Grosvold et

al., 2007; Miller & Carmen Triana, 2009). Results from this study show that Malaysian PLCs' boards are composed of diverse ethnic groups, particularly Malay and Chinese. Previous studies have shown that Malay and Chinese directors make equal contributions to the performance of Malaysian companies (Rahman & Mohamad Ali, 2006; Bhaskaran & Sukumaran, 2007). Therefore, this study suggests that the representation of the wider society on boards of directors is an important and necessary component in ensuring that boards of directors and firm performance are effective.

Based on the above arguments, the results of this study indicate that board members' demographic characteristics, in particular age, gender, ethnic group, tenure and number of directorships, are important components that influence the effectiveness of boards of directors.

### **8.3 Question 2: What personality characteristics and values are considered important for the effectiveness of Malaysian PLCs' boards, and why are they important?**

The results of this study support the proposition that board members' personality characteristics and values are important components influencing board effectiveness in Malaysia. Specifically, this study supports the upper echelons, trait and behavioural theories' arguments that company leaders, including board members, need to have a combination of relevant traits and behaviours (Ket de Vries & Florent-Treac, 2002; Jokinen, 2005; Zaccarro, 2007).

In this study, all board members were found to have three similar characteristics: commitment, integrity and good relationships among themselves and with management. In regard to the importance of directors' commitment, the results are consistent with previous studies by Stiles and Taylor (2002), Letendre (2004) and Prasanna (2006). For example, in accordance with Prasanna this study has found that committed directors usually spend more time involved in company

activities and, therefore, have more understanding of their companies. This study also conforms with studies by Dulewicz and Gay (1997) and Korn/Ferry International, (2003), which found that integrity is an important value that board members should possess. In the case of Malaysian PLCs, I have found that integrity is important for preventing corporate malpractice and mismanagement, which may result in company failures (Blake, 1999; Francis & Armstrong, 2003; Epstein & Roy, 2004).

In addition, a good relationship between the board and the company's top management is also an important component for board effectiveness, because this relationship can enhance the quality of communication and information necessary for effective decision-making (Vafeas, 2003; Ward, 2003; Wei, 2005). Based on the above findings, it is suggested that commitment, integrity and good relationships among board members and management are three important components influencing the effectiveness of Malaysian PLCs' boards.

Concerning the personality characteristics and values of chairman, CEO and independent directors, the results indicate that all three categories of board members of Malaysian PLCs (chairman, CEO and ID) need to have a workable balance. First, consistent with the research relating to chairman's characteristics conducted by PricewaterhouseCoopers and KLSE (2000), the Whitehead Mann Partnership (2005a) and Kakabadse and Kakabadse (2007), it is clear that the ability to lead the board is the most important characteristic of Malaysian PLCs' chairmen. This study's results support the argument that chairmen who are able to lead the boards can unite directors into effective groups and lead multicultural boards effectively (Bird et al., 2004).

Second, it was revealed that the most important characteristic of CEOs is being goal oriented. In agreement with PricewaterhouseCoopers study (2006), it can be suggested that Malaysian PLCs' CEOs who maintain high goals are able to work within diverse cultures, share and build knowledge, nurture management talent and manage dispersed value change, particularly when responding to competitive business environments. However, this result is inconsistent with the

characteristics of CEOs revealed in previous studies conducted by Flood et al. (2000), Collins (2001) and Kaplan et al. (2007). For example, Flood et al. (2000) and Kaplan et al. (2007) found that the most important characteristic of CEOs in the UK and US was leadership related to transformation, flexibility and adaptability. This implies that the most important characteristics of CEOs in Malaysia differ from those in the UK and the US.

Finally, in this study, being independent was found to be the most important characteristic for independent directors of Malaysian PLCs. This result conforms with the findings of previous studies by Dulewicz and Gay (1997), Hooghiemstra and van Manen (2004) and the Whitehead Mann Partnership (2005b), which found that being independent enables independent directors to act independently from company management. Based on Roberts et al. (2005), it can be concluded that acting apart enables independent directors to be more critical in boardroom discussions because they can ask **brave** questions. This can reduce corporate fraud and malpractice (Sharma, 2004).

Based on the above arguments, it is concluded that, generally, board members of Malaysian PLCs are required to have three important personality characteristics and values: commitment, integrity and good relationships among themselves and the management. More importantly, chairmen must be able to lead the board, CEOs must be goal oriented, and independent directors must be independent from other board members as well as the company's management. Therefore, the results of this study indicate that three types of board members' personality characteristics and values (i.e. integrity, commitment, openness and leadership traits) are important components that influence the effectiveness of boards of directors.

#### **8.4 Question 3: What competencies are considered to be important for the effectiveness of Malaysian PLCs' boards, and why are they important?**

Concerning board members' competencies, the findings also support the assumptions of three theories: resource dependency, agency and human capital theories. The resource dependency and human capital theories view board members' expertise (experience, knowledge and skills) as an important resource that enhances board decision-making (Pfeffer & Salancik, 1978; Hillman et al., 2000; Hillman & Dalziel, 2003), while the agency theory views board members' experience in business as important for monitoring company performance (Fama & Jensen, 1989; Dalton et al., 2003; Murphy & McIntyre, 2007).

Generally, all board members (directors, chairmen, CEOs and independent directors) involved in this project have been found to require similar types of competencies, namely: experience in business and corporate management; knowledge and skills related to business; and relevant educational qualifications. Concerning the importance of board members' experience, findings confirm Coulson-Thomas's (1992) study in the UK, which indicated that having experience in business is the most important competency needed by board members. Based on Coulson-Thomas (1992), this study suggests that board members' experience is important in enabling them to deal with multicultural and cross-holding companies in Malaysia (Singham, 2002). Furthermore, since many studies found that experienced directors were more effective in dealing with business challenges (Olffen & Boone, 1997; Peace & McMillan, 1983) and board decision-making (Westphal & Milton, 2000; Mitchell, 2004), it is suggested that experienced board members can enhance the effectiveness of Malaysian PLCs' boards, which in turn, is likely to increase the firm's value (Jie, 2008). Therefore, it is recommended that the first consideration in identifying a potential candidate to fill a board position is that they possess both business and corporate management experience.

Research results regarding board members' knowledge and skills found that three types of knowledge, including finance or accounting, business knowledge and legal knowledge, are important for Malaysian PLCs' board members. Similar to previous studies (Vafeas, 2003; Conger & Ready, 2004; Radin, 2004), financial or accounting knowledge appears to be the most important type of knowledge for board members. For example, based on Vafeas (2003) and Conger and Ready (2004), it is suggested that having a reasonable understanding of company financial statements enables the CEOs of Malaysian PLCs to be more effective in monitoring company performance.

In addition, the results confirm previous studies (Katz, 1974; Forbes & Milliken, 1999; Letendre, 2004; Carmeli, 2006; Jeanjean & Stolowy, 2008), which revealed that board members need to possess other types of knowledge and skills to develop and monitor short and long-term company planning and to understand complex business situations. During this project, six types of business knowledge and three types of skills were found to be important components for the effectiveness of Malaysian PLCs' boards. These include: corporate planning, business forecasting, international business, risk management, human resources and marketing, communication skills, analytical skills and technical skills. For example, based on Moran and Reisenberger (1994), Forbes, and Milliken (1999), one should note that human and social skills are important in enabling Malaysian PLCs' board members to work well with other people. In Malaysia, the ability to deal with other people is crucial because the majority of Malaysian PLCs include several types of ethnic background among their employees, necessitating diverse ways of communication across specialties and languages. Hence, Malaysian PLCs' board members require a diversity of communication skills to enable them to express their ideas clearly and persuasively to both internal and external bodies associated with their companies (Kevin, 2008).

Finally, this study has revealed that board members of Malaysian PLCs should possess various types of educational qualifications, particularly in finance or accounting, business studies, law and economics. There was the caution that no specific type of qualification is more important for board members in this study.



In addition, in agreement with prior research, board members need to possess high educational qualifications to encourage optimal cognition (Wiersema & Bantel, 1992) and innovation (Westphal & Milton, 2000) in order to enable them to provide a rich source of ideas to develop good policies. Therefore, it is suggested that although there are no guidelines for directors' qualifications in Malaysia, Malaysian PLCs should appoint individuals who possess a high level of educational qualification in relevant areas.

#### **8.5 Question 4: What internal aspects of boards of directors are considered to be important for the effectiveness of Malaysian PLCs' boards, and why are they important?**

Research results regarding board effectiveness among Malaysian PLCs indicate that various internal aspects of boards influence their effectiveness. Specifically, there are four important internal aspects of boards of directors: board memberships; board culture; board roles; and board structure and process. These were found to be important for the effectiveness of Malaysian PLCs' boards. Such results are consistent with previous studies by Walt and Ingley (2001), Leblanc (2003), Berghe and Levrau (2004), Levrau and Van den Berghe (2007b) and Payne et al. (2009). For instance, Berghe and Levrau (2004) found eight important components for board effectiveness: board structure, memberships, culture, issues, information, process, remuneration and follow-through. Payne et al. (2009) also discovered that boards of directors were more effective when they had highly effective teams that included people that recognise knowledge, power, incentives and opportunity. These studies imply that board effectiveness relates to the various internal components of boards.

Results in this study have demonstrated that board membership is the most important component of board effectiveness. This result confirms previous research by Leblanc (2003) and Levrau and Van den Berghe (2007b). Specifically, it is indicated that three components of board memberships (diverse backgrounds of board members, competent board members, and good leadership

of chairmen and CEOs) are important for the effectiveness of Malaysian PLCs' boards. Based on previous studies (Wiersema & Bantel, 1992; Carter et al., 2003; Arfken et al., 2004) this study supports the conclusion that diverse backgrounds of board members lead to greater diversification of strategies. Broader experience and knowledge can also bring fresh ideas and insights. These factors are essential for effective board decision-making. In addition, in agreement with Brian (2000), because both chairmen and CEOs play important roles in ensuring firm performance, they need to possess strong leadership characteristics that are relevant to companies' requirements. For example, three important characteristics of effective chairmen that enable them to perform their role effectively include; flexibility, adaptability and a global mindset.

The results also discovered that five cultural components (cohesive boards, good relationships with management, sharing the same goal, showing trust and tolerance to each other and high achievement) are important for the effectiveness of Malaysian PLCs' boards. Specifically, the project confirms previous studies (such as Finkelstein & Mooney, 2003; Ginevicius & Vaitkunaite, 2006; Barton & Wong, 2006), which indicates that cohesive boards, respect and high trust among board members are important components of strong board culture that can enhance communication flow. In addition, consistent with previous studies (Kotter & Heskett, 1992; Levrau & Van den Berghe, 2007a) it is also revealed that having a positive culture is an important instrument of internal control of a company in ensuring high standards of corporate governance. Based on Barton and Wong (2006) and Nadler (2006), I argue that having the above components enables Malaysian PLCs' board members to work closely among themselves and achieve consensus in decision-making. Therefore, the conclusion is that no matter what type of company, establishing a strong board culture is important for the enhancement of a company's future.

The results regarding the role of boards of directors is in agreement with previous scholars who argued that board effectiveness also relies on the individual roles of boards of directors (e.g. Conger & Lawler, 2001; Walt and Ingley, 2001; Epstein & Roy, 2004). For example, Conger and Lawler (2001) argued that boards'

abilities to perform their roles, including scanning for opportunities and threats, providing constructive feedback and guidance to the CEO, extending their networks and providing external sources of knowledge is likely to contribute to the enhancement of firm performance.

More importantly, this current research has found that the roles of boards of directors and company management need to be clearly defined. Based on Cascio (2004) and Carver and Oliver (2002), I argue that clearly defined roles of boards of directors and company management are required to avoid overlapping of roles. In addition, in conjunction with stewardship theory, this study reveals that Malaysian PLCs' boards should be focused more on strategic roles, including establishing a firm's strategic directions, overseeing a firm's strategies and assessing and involving strategic implementation (Andrew, 1981; Tricker, 1984; Rindova, 1999; Carpenter & Westphal, 2001). Based on this, it is considered that a board's strategic role is important in dealing with massive transformation in a global economy (Hillman et al., 2001; Ingley & Walt, 2003). More importantly, in accordance with Mintzberg, Raisanghani and Theoret (1976), Eisenhardt and Zbaracki (1992), Ruigrok et al. (2006) and Langton and Robbins (2007), a strategic role is crucial for firms' future survival, especially when a firm's performance declines because of economic turbulence (Goodstein et al., 1994). Based on the above, it is suggested that to be effective, boards of directors' roles need to be defined clearly and focused on strategic roles.

Finally, this study determined that the effectiveness of Malaysian PLCs' boards also relies on board structures and process. Notably, five components of board structure and process are considered to be important for the effectiveness of Malaysian PLCs' boards, including separation of chairmen/CEOs roles; establishment of relevant board committees particularly audit, nomination, and remuneration committees; holding a relevant number of board meetings; appropriate levels of board remuneration; and smaller boards.

Research results regarding board leadership structure are consistent with previous studies by PricewaterhouseCoopers and KLSE (2002), Rahman and Haniffa

(2005) and Minority Shareholders Watchdog Group and the University of Nottingham (2006, 2007b). Almost three-quarters of the top 100 Malaysian PLCs in this study have separate roles for chairmen and CEOs. In conjunction with previous scholars (Fama & Jensen, 1983; Finkelstein & Mooney, 2003; Nadler et al., 2006), it is thought that separation of the roles of chairmen and CEOs of Malaysian PLCs is needed to avoid conflict of interest, especially when a person holding both positions is a prominent individual. Furthermore, separation of roles enables boards to perform their monitoring role more effectively (Sharma, 2004; Schmid & Zimmermann, 2005; Elsayed, 2007) because boards can reduce the centralisation of power (Haniffa & Cooke, 2000). Therefore, this thesis concludes that Malaysian PLCs should have separate chairmen and CEOs. In fact, separation of the roles of chairmen and CEOs is suggested by MCCG (2000) to enable Malaysian PLCs' boards to be more independent.

In addition, it has been argued that effective boards should have well-defined processes, including the establishment of board committees and that a relevant number of board meetings are convened (Epstein & Roy, 2004). In agreement with this notion, the Malaysian PLCs included in this study had established various board committees, particularly audit, nomination and remuneration committees. Based on Boulton (1996) and Colley et al. (2005,) the results here suggest that the establishment of board committees enables Malaysian PLCs' boards of directors to be more effective in using their expertise and experience to carry out board activities, as well as considering specific issues in more detail. For example, the establishment of an audit committee enables a board to monitor the financial conduct of a firm more effectively (Securities Commission, 2007) and to ensure the transparency of a firm's financial reporting process (Bank Negara Malaysia, 2003). Therefore, to be effective, Malaysian PLCs' boards should establish audit, remuneration and nomination committees, as well as other relevant committees.

Concerning the number of board meetings, this study has found that all top 100 Malaysian PLCs convened more than four board meetings in a year, with an average of seven meetings a year. This result implies that all Malaysian PLCs

included in this study fulfilled the KLSE Listing Requirements, of at least four meetings in a year. The result is similar to the study by Vafeas (1999), which found that the annual average for board meetings of US firms was 7.45. In agreement with Ford (1992), this study suggests that too many board meetings could lead to a board being over involved in firm operations. Therefore, based on the result, it is considered that seven meetings in a year is a suitable number of board meetings for Malaysian PLCs.

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Concerning board remuneration, previous studies suggested that levels of board remuneration should be determined by both the current remuneration market and individual directors' performance (Brian, 2002; the World Bank, 2005b). However, in the case of Malaysia, this study argues that neither condition applies, because the level of board remuneration of Malaysian PLCs has been found to be quite diverse from one company to another. For example, in this study the level of board remuneration of the majority of GLCs (e.g. Sime Darby, Telekom and Tenaga) was found to be quite low, despite the fact that these companies had high market capitalisation. On the other hand, the majority of companies owned by Chinese shareholders (e.g. Genting Berhad, IOI Berhad, Public Bank Berhad) were found to have high levels of board remuneration. The result confirms the findings of a previous study by the Minority Shareholder Watchdog Group and Nottingham University (2007). It implies that levels of board remuneration of Malaysian PLCs have not been determined by firm and individual performance. Nevertheless, to retain competent directors and attract more professional individuals to join boards of directors, it is recommended that levels of board remuneration of Malaysian PLCs, particularly GLCs, should be based on both current market rate and firm performance.

In this study, the average size of boards of directors of Malaysian PLCs was seven. This result reflects the results of earlier studies in Malaysia (PricewaterhouseCoopers & KLSE, 2002; MSWG & Nottingham University, 2006; 2007b), which showed that the average board size of Malaysian PLCs is 7

to 8. Based on previous studies (Hossein et al., 2001; Kiel & Nicholson, 2003; Conger & Lawler, 2009; Dey & Chauhan, 2009) it is evident that a smaller board is more effective, on the grounds that a small board is more cohesive, easier to coordinate and forms effective working groups. For example, based on Dey and Chauhan (2009), smaller boards could reduce communication gaps and increase group dynamics. Moreover, the average board size found in this study is comparable with average board sizes in four European countries (France, Spain, Italy and Germany; Heidrick & Struggles, 2007) and in Australia (Korn/Ferry International & Egan Associates, 2007). Therefore, it is concluded that to be effective Malaysian PLCs should have smaller boards.

However, this study does not support resource dependency and agency theory, which view larger boards as important for securing more resources (Dalton et al. 1999; Hillman et al., 2000; Hillman & Dalziel, 2003) and monitoring firms' performance (Fama & Jensen, 1989; Andres & Vallelado, 2008).

#### **8.6 Question 5: Is board membership the most important aspect influencing the effectiveness of Malaysian PLCs' boards?**

Based on the discussion in section 8.5, the evidence shows that board membership is the most important component of effective boards in this study. In addition, five cultural components discussed already (cohesion, good relationships with management, sharing the same goals, trust and tolerance of each other and high achievement) are related to the socio-psychological process of board members (Forbes & Milliken, 1999). The results of this study confirm studies by Leblanc (2003) and Levrau and Van den Berghe (2007b), which found that board membership is the most important component influencing the effectiveness of boards of directors.

### **8.7 Questions 6: What external aspects of boards of directors are considered to be important for the effectiveness of Malaysian PLCs' boards, and why are they important?**

Although the influence of external aspects of boards of directors on board effectiveness was not directly mentioned by the participants, this research has found that the Malaysian Government plays an important role in determining high standards of corporate governance, including the effectiveness of Malaysian PLCs' boards.

As reported in Chapter 3 and supported by the results of this study, the Government is the major shareholder of GLCs. Hence, the Government has power to control the appointment of board members to these companies. Prior to the implementation of the NEP, the government appointed more Malay directors to GLCs' boards to protect *Bumiputera* interests. As a consequence, the majority of GLCs' boards have more Malay directors, including a large number of retired government officers. For example, in this study a substantial number of retired government officers have been appointed as board members of GLCs. This implies that the Government is one of the major external components that influence the composition of Malaysian PLCs' boards.

In addition, prior to the Asian financial crisis in 1997/1998, the Government played an active role in the development of Malaysian corporate governance, including the establishment of codes of conduct and industry best practices (such as the amendment of the Companies Act 1965 in 1999, the Malaysian Code on Corporate Governance in 2000, the KLSE Listing Requirements in 2002) and the establishment of corporate governance institutions or associations (such as MCCG, MSWG, Institute of company director). Similar to other countries (the UK, US, and Australia), the development of the MCCG and the KLSE Listing Requirements, have significantly affected the composition of Malaysian PLCs' boards of directors. For example, all Malaysian PLCs' boards in this study have fulfilled the KLSE Listing Requirements to appoint one third of independent

directors to their boards. This result is similar to the study by Dahya et al. (2002) who found that the percentage of NEDs in the UK had increased significantly since the Cadbury Report. The result implies again that the Malaysian government plays an important role in enhancing the effectiveness of Malaysian PLCs' boards.

## **8.8 Networking with the Malaysian Government**

In addition to the above findings, this study has shown that board members' networking with the Malaysian government is another important component for the effectiveness of Malaysian PLCs' boards. This result supports the social capital approach, which views board members' external networking as an important mechanism for assessing valuable information and resources for the enhancement of firms' performance (Westphal & Milton, 2000; Glaeser et al., 2002; Kor & Sundaramuthy, 2008). For example, this study has discovered that networking is needed to secure projects from the government and to deal with the Government Departments.

Recognising the importance of networking, many Malaysian PLCs have appointed retired government officers to their boards. For example, about 17.7 per cent of board members in this study were retired government officers. However, because they lack business experience, it was often found that they cannot contribute effectively in boardroom discussions. In fact, previous studies revealed that Malaysian companies that had political connections with the government had not performed well (Johnson & Milton, 2003; Fraser et al., 2005; Mohamed et al., 2007) and were known for low levels of corporate transparency and accountability (Gomez, 2004). Therefore, it seems that networking with the government can lead to poor corporate governance in the country. However, to date, the appointment of retired government officers to Malaysian PLCs' boards continues in Malaysia. This could be one area for future research, especially to answer the question of whether retired government officers affect Malaysian corporate governance and company performance.



## **8.9 Summary**

The above discussions provide some arguments for the importance of members of boards of directors' characteristics to board effectiveness within the Malaysian context. The results are interesting because there is limited regulation surrounding the characteristics of board members in Malaysia. To sum up, in addressing the six research questions, a high level of agreement with the literature has been found.

# **CHAPTER 9**

## **CONCLUSION**

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### **9.1 Introduction**

Chapters 2 and 3 presented a literature review on boards of directors and corporate governance in Malaysia. Following this review the research framework and six research questions were developed in Chapter 4, followed by the research methodology in Chapter 5. In Chapters 6 and 7, the results of the study were presented. The results were discussed in Chapter 8. This chapter provides the conclusion of the study and describes the contributions, limitations and suggestions for future research.

### **9.2 Conclusion of the study**

Chapter 3 provides evidence that Malaysian corporate boards have been classified as having concentrated ownership structures (the World Bank, 1999; Claessens et al., 2000; Abdul Samad, 2002). Specifically, this study found that both the government and Chinese businessmen (individual or their proxies) have been the major shareholders in the majority of Malaysian PLCs. Therefore, the characteristics of boards of directors in Malaysia were found to conform with the interests of these two controlling shareholders (Gomez, 2005; On Kit & Tan, 2007). Specifically, Malay and Chinese were the two ethnic groups that dominate the composition of Malaysian PLCs board members. This reflects the findings of another study, which found that the majority of board members of Malaysian PLCs are appointed based on controlling shareholders' interests and concluded that they were not truly independent (Cheung & Chan, 2004).

Although Malaysia has well-structured rules, regulations and corporate governance codes, there have been no guidelines that outline the characteristics of boards of directors' members including the chairman, CEOs or independent directors in Malaysia. Based on this knowledge gap, this study was pursued to

examine the characteristics of members of boards of directors and the importance of these characteristics for the effectiveness of the performance of Malaysian PLCs' boards. In this context, Chapter 4 discussed the conceptual framework used in this study. Specifically, in this study the three characteristics of board members explored were demographic characteristics, personality characteristics and values, and competencies. In addition, various characteristics of effective boards were explored to determine whether characteristics of boards of directors' members are important components contributing to the effectiveness of Malaysian PLCs' boards.

To examine the above issues, this study relied on two sources of data including interviews with 41 participants representing four groups: chairman, CEOs, independent directors and representatives of Malaysian corporate governance organisations; and 2007 annual reports of the top 100 Malaysian PLCs. The data in this study was analysed for content using Excel spreadsheet software. The results of this study were divided into two parts. The first part reports the characteristics of boards of director members who are directors, chairman, CEOs and independent directors. The second part reports the characteristics of effective boards.

First, this study found that three categories of characteristics of boards of directors' members – demographic characteristics, personality characteristics and values, and competencies – were important components of the effectiveness of Malaysian PLCs' boards. However, each category of board member (directors, chairman, CEOs and independent directors) were found to require particular characteristics. Some characteristics were found to be important for all categories of board members, including commitment, integrity, good relationships with others, experience in business and corporate management, as well as relevant knowledge and skills. In addition, it was revealed that networking with the Government is another important characteristic of Malaysian PLCs' board members.

Second, this study also discovered that board effectiveness depends on external and internal aspects of a board's experience. From the internal perspective, four components, including board membership, board culture, board roles and board structure and process, were found to be the most important components of board effectiveness in Malaysia. Specifically, to be effective Malaysian PLCs' boards should be composed of members with diverse backgrounds. They should be headed by competent chairman and CEOs. There should also be a strong board culture, focus on strategic roles, separate chairman/CEOs, established relevant board committees, particularly audit, nomination and remuneration committees. There should also be an appropriate number of board meetings, levels of board remuneration should be according to current market value, and there should be a smaller board size.

From the external perspective, this study found that government policy was also an important component of board effectiveness in Malaysia.

Table 9.1 presents a summary of the results in this study.

**Table 9.1: Summary of research propositions in relation to research results**

<b>Research Questions</b>		<b>Results and conclusions</b>
Q1	What demographic characteristics are considered to be important for the effectiveness of Malaysian PLCs' boards, and why are they important?	Four types of observable characteristics of board members (age, tenure, ethnic groups and multiple directorships) were found to be important components of the effectiveness of Malaysian PLCs' boards. Generally, board members of Malaysian PLCs are recommended to be aged between 50 and 60 years (average of 57 years); seven years of tenure in a particular company; and not to hold more than three directorships at the same time. In addition, it is recommended that the number of women directors on Malaysian PLCs should be increased.
Q2	What personality characteristics and values are considered to be important for the effectiveness of Malaysian PLCs' boards, and why are they important?	<p>Generally, board members of Malaysian PLCs need to be committed, open minded, and have good relationships with other board members, have high integrity, and be goal-oriented and sincere. Specifically the following board members need specific characteristics:</p> <ul style="list-style-type: none"> <li>i. Chairman need to have the ability to lead the board and be committed, open minded, have integrity, have good relationships with other board members, be former PLCs' directors, well-known in corporate sectors and goal oriented.</li> <li>ii. CEOs need to be goal-oriented, committed, have good relationships with other board members and have integrity.</li> <li>iii. Independent directors need to be independent, have integrity, be economically stable, be committed and have good relationships with other board members.</li> </ul>

Q3	What competencies are considered important for the effectiveness of Malaysian PLCs' boards, and why are they important?	<p>Effective boards need to be composed of board members (directors, chairman, CEOs and independent directors) who have experience in business and corporate management, finance, business management and legal knowledge, they need to possess good communication and analytical skills, as well as relevant educational qualifications, particularly finance or accounting.</p> <p>In addition to the above findings, networking with the government was an important characteristic of board members in Malaysia, particularly for chairmen. This assists companies in assessing projects offered by the government.</p>
Q4	What internal aspects of boards of directors are considered to be important for the effectiveness of Malaysian PLCs' boards, and why are they important?	<p>Four characteristics of effective boards found in this study include: the right membership, good culture, clear roles and responsibilities, and well-defined structures and processes. Specifically, effective boards have the following characteristics:</p> <ul style="list-style-type: none"> <li>i. composed of competent individuals, with diverse backgrounds and good leadership from chairman and CEOs</li> <li>ii. board members are cohesive, show trust and tolerance to each other, have good relationships with management and share the same goals</li> <li>iii. roles of the board are clearly defined and the board focuses on strategic roles</li> <li>iv. boards have separate chairman/CEO; establish relevant board committees, have sufficient levels of remuneration and include smaller board membership</li> </ul>

Q5	Is board membership the most important aspect influencing the effectiveness of Malaysian PLCs' boards?	Board membership and culture, are related to the characteristics of members of boards of directors. The study results show that board membership is more important than board structure and role in determining the effectiveness of Malaysian PLCs' boards.
Q6	What external aspects of boards of directors are considered to be important for the effectiveness of Malaysian PLCs' boards, and why are they important?	The government was found to be the most important external aspect that influences the effectiveness of Malaysian PLCs' boards.

## **9.3 Contributions of the study**

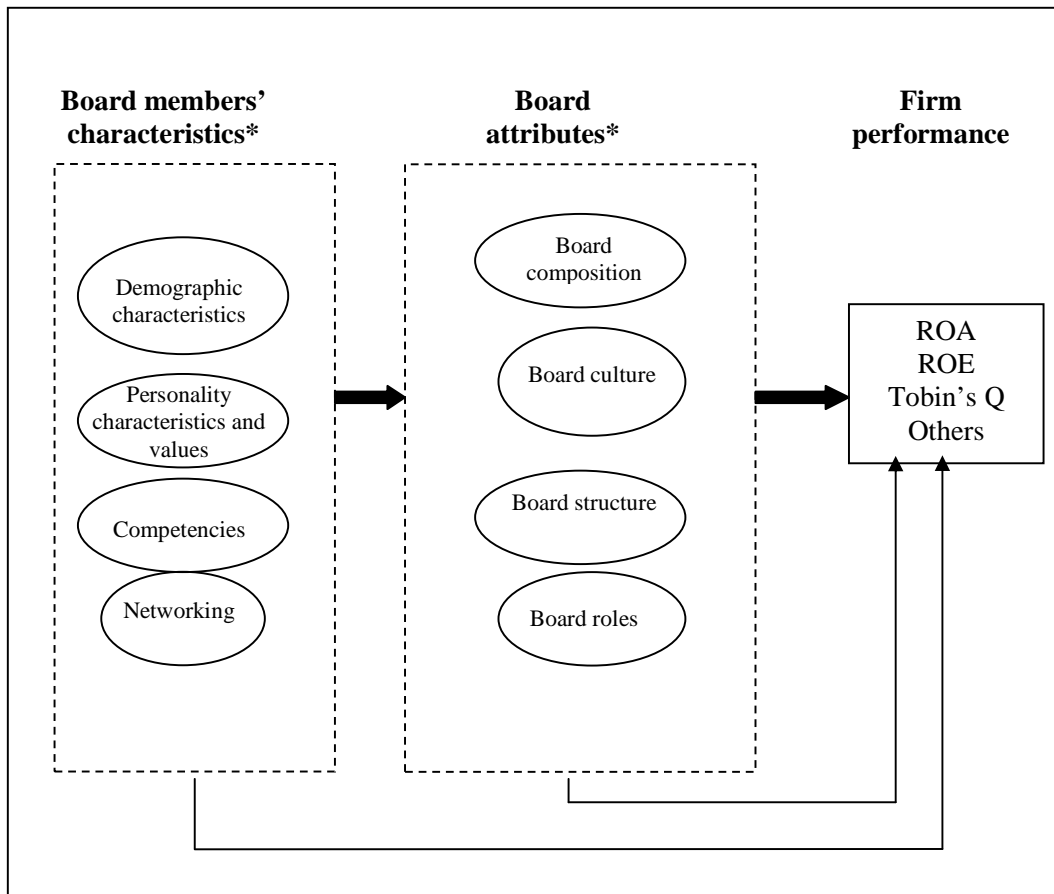
### **9.3.1 Contributions to body of knowledge**

In examining the mixed results of previous studies (Berghe & Levrau, 2004; Murphy & McIntyre, 2007; Payne et al., 2009), the results of this thesis contribute to the body of knowledge in the area of corporate governance. Specifically, this thesis offers evidence that to be effective, boards should have a competent balance in membership, including relevant demographic backgrounds, specific personality characteristics and values, suitable competencies and good networking with the Government. In addition, boards need to have strong leadership from chairman and CEOs, as well as maintain a good culture (i.e. be cohesive, have good relationships with the management, share the same goals, show trust and tolerance to each other, and be high achievers).

As much of the existing board effectiveness research reported in the literature has focused on developed countries' corporations and governance, the present study, first, contributes to this body of knowledge by providing evidence using primary data from Malaysia. In doing so, the results of this study add to the knowledge base for countries with developing economies. Arguably, the country has a high concentration of ownership, less transparent and weaker corporate governance structures than those in developed economies such as the US, UK and Australia. Further, from a human-resources perspective, the results of this study show that Malaysian PLCs must prepare for future leadership by acknowledging that existing practices in their appointment of board members should no longer rely solely on personal networking. Instead, they need to recognise the importance of cultivating a new set of leadership competencies in order to compete in a global economy successfully.

Second, this study contributes to theory by proposing an integrated model of board effectiveness (Figure 9.1) that can be empirically tested in future research.





**Figure 9.1: Proposed conceptual model including board members' characteristics, board attributes and firm performance**

Note: \*The relationship can be tested as individual or groups of characteristics or attributes.

This model links board members' characteristics, board attributes and firm performance. Understanding these dimensions of board effectiveness could lead to a better understanding of board effectiveness.

### **9.3.2 Contributions to practice**

From a practical perspective, this study provides feedback to the Malaysian corporate governance regulators and policy-makers (e.g. Bursa Malaysia, Securities Commission and MCCG) to assist in developing policies that support the importance of desirable characteristics in the selection of boards of directors' members.

In addition, the results also contribute to the development of a guideline describing the characteristics of effective boards in Malaysia. Specifically, the following results are likely to be particularly useful in terms of:

- i. The development of specific guidelines for the appointment of directors in Malaysia, especially in warranting that these boards of directors should be composed of members exhibiting relevant demographic characteristics, certain personality characteristics and appropriate competencies; for example, a recommendation could be used by regulators to lay down particular desired characteristics of Malaysian PLCs board members.
- ii. To improve the guidelines for characteristics for effective boards in Malaysia, including particular aspects pertaining to: board memberships, culture, structure and role, the required characteristics are as follows:
  - Memberships of the board should comprise diverse and competent members and demonstrate good leadership of the chairman and CEOs, relevant to each company's requirements.
  - Board culture, should demonstrate a cohesive board and good relationships among themselves and management. Board members should also show trust and tolerance to each other, share the same goals and be high achievers.

- Board roles – all board members should have a clear understanding of their roles and be accountable, accordingly. The board should also focus on strategic roles.
- Board structure and process – there should be a separate chairman and CEO, as well as established audit, remuneration, nomination and other relevant committees. Board meetings should be held as required; remuneration should be appropriate to the current market value and to the performance of individual directors; and size of the board should not be more than ten.

## **9.4 Limitations of the study**

In undertaking this study, two limitations have been noted:

### **9.4.1 Methodological limitations**

Data for the assessment of issues in this study depended largely on the quality of the data available in the annual reports, and from participants' perceptions. Hence, the results are limited to the information obtained from the two data sources. However, these provide a strong basis for future research by providing specific variables that can be explored further.

### **9.4.2 Participants in the study**

Participants in this study were limited to 41 from four groups (chairmen, CEOs, independent directors and representatives of Malaysian corporate governance organisations). Therefore, issues of differences in perceptions between a limited number of participants may limit generalisability of the results.

## **9.5 Suggestions for future research**

This study is a qualitative study that has examined characteristics of boards of directors' members and board effectiveness of the top 100 Malaysian PLCs. More research needs to be conducted in this area. Specifically, the following suggestions for future research are provided.

- i. The study should be replicated by expanding the framework used in this study and testing more aspects that relate to the characteristics of members of boards of directors and characteristics of effective boards. By doing so, it can provide a broader understanding of such issues.
- ii. The population of the study should be expanded. This could be replicated for any number of other companies to determine whether similar patterns emerge among the board members of those companies.
- iii. The study should be replicated using other research methods. As this study relied on a qualitative approach, perhaps a quantitative research approach or mixed methods approach should be followed to provide empirical results of the relationship between characteristics of members of boards of directors and firm financial performance. The study may utilise the research model (Figure 9.1) proposed in this study. By testing this model, future research will enable the provision of empirical evidence on the importance of characteristics of members of boards of directors to the effectiveness of the board and the firm.
- iv. Other studies that examine corporations from other countries, particularly developing countries (Thailand, Indonesia and Korea), would be valuable.

## **9.6 Concluding statement**

This chapter concludes the main findings of the thesis. This thesis adds to the growing body of international literature on the importance of having competent board members. From a practical perspective, the present study provides feedback to Malaysia's corporate governance regulators and policy-makers on the need for guidelines that support effective characteristics of members of boards of directors. The results also support the current debate on the characteristics of effective boards. Finally, it is hoped that the insight derived from this study has provided useful information to Malaysian firms specifically, and other contexts generally, in terms of the importance of having balanced and competent board members.

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**Three largest shareholders of the top 100 Malaysian PLCs****1. Sime Darby**

No	Name	% of Issued Capital
1	Amanah Raya Nominee (Tempatan) – Skim Amanah Saham Bumiputera	32.45
2	Employee Provided Fund Board	14.70
3	Permodalan Nasional Berhad	7.80

**2. IOI Corporation**

No	Name	% of Issued Capital
1	Progressive Holdings Sdn. Bhd*	39.26
2	Employee Provided Fund Board	8.44
3	JP Morgan Chase Bank	3.49

\* Issued Capital held by Dato' Lee Shin Cheng and his sons - Dato' Lee Yeow Chor and Lee Yeow Seng

**3. Maybank**

No	Name	% of Issued Capital
1	Amanah Raya Nominees (Tempatan) Sdn. Bhd – Skim Amanah Saham Bumiputera	40.96
2	Employee Provided Fund Board	8.33
3	Permodalan Nasional Berhad	6.77

**4. Tenaga**

No	Name	% of Issued Capital
1	Khazanah Nasional Berhad	37.66
2	Employee Provided Fund Board	9.90
3	Amanah Raya Nominees (Tempatan) Sdn. Bhd – Skim Amanah Saham Bumiputera	7.82

**5. Public Bank Berhad**

No	Name	% of Issued Capital
1	Tan Sri Dato' Sri Dr. The Hong Piow	24.11
2	Employee Provident Fund Board	9.68
3	Consolidated The Holdings Sdn. Bhd.	7.32

**6. Telekom Malaysian Berhad**

No	Name	% of Issued Capital
1	Khazanah Nasional Berhad	36.14
2	Employee Provident Fund Board	8.65
3	Amanah Raya Nominees (Tempatan) Sdn. Bhd – Skim Amanah Saham Bumiputera	

**7. Bumiputera Commerce Holdings Berhad**

No	Name	% of Issued Capital
1	Khazanah Nasional Berhad	22.06
2	Employee Provident Fund Board	9.32
3	JP Morgan Chase Bank	4.92

**8. MISC Berhad**

No	Name	% of Issued Capital
1	Khazanah Nasional Berhad	37.66
2	Employee Provident Fund Board	9.90
3	Amanah Raya Nominees (Tempatan) Sdn. Bhd – Skim Amanah Saham Bumiputera	7.82

**9. Genting Berhad**

No	Name	% of Issued Capital
1	Kien Huat Realty Sdn. Bhd	32.22
2	Golden Hope Limited	3.80
3	Harbor International Fund	3.65

**10. Resort World**

No	Name	% of Issued Capital
1	Genting Berhad	48.36
2	Harbor International Fund	1.80
3	JPMorgan Chase Bank National Association (USA)	1.75

**11. Petronas Gas**

No	Name	% of Issued Capital
1	Petroleum Nasional berhad (Strategic Invest)	60.63
2	Kumpulan Wang Persaraan (Diperbadankan)	14.83
3	Employee Provident Fund Board	12.21

**12. DIGI**

No	Name	% of Issued Capital
1	Telenor Asia Pte Ltd	50.80
2	Haikal Pasti Sdn. Bhd	6.70
3	Employee Provident Fund Board	5.66

**13. Kuala Lumpur Kepong Berhad**

No	Name	% of Issued Capital
1	Batu Kawan Berhad	45.65
2	Employee Provident Fund Board	7.61
3	Lembaga Kemajuan Tanah Persekutuan (FELDA)	4.40

**14. PLUS Expressway Berhad**

No	Name	% of Issued Capital
1	UEM Group Berhad	40.21
2	Khazanah Nasional Berhad	15.02
3	Employee Provident Fund Board	9.59

**15. YTL Power Berhad**

No	Name	% of Issued Capital
1	YTL Corporation Berhad	81.90
2	Tenaga Nasional Berhad	5.78
3	Khazanah Nasional Berhad	4.18

**16. MMC Corporation Berhad**

No	Name	% of Issued Capital
1	CIMB Group Nominee (Terminal Johor Sdn. Bhd)	17.21
2	Amanah Raya Nominee Tempatan	16.51
3	Seaport Terminal (Johore) Sdn. Bhd	9.98

**17. YTL Corporation Berhad**

No	Name	% of Issued Capital
1	Yeoh Tiong Lay & Sons Holdings Sdn. Bhd	47.04
2	Employee Provident Fund Board	9.47
3	Deutsche Bank Ag Singapore	3.56

**18. PBB Group Berhad**

No	Name	% of Issued Capital
1	Kuok Brothers Sdn. Bhd	41.94
2	Kerry Group Limited	6.74
3	Kerry Holdings Limited	6.74

**19. RHB Capital**

No	Name	% of Issued Capital
1	Employee Provident Fund Board	81.55
2	GMO Emerging Markets Fund	2.45
3	Amanah Raya Nominees (Tempatan) Sdn. Bhd – Skim Amanah Saham Bumiputera	1.46

**20. British American Tobacco**

No	Name	% of Issued Capital
1	British American Tobacco Holdings (Malaysia) BV	50.00
2	Amanah Raya Nominees (Tempatan) Sdn. Bhd – Skim	8.46
3	Amanah Saham Bumiputera Employee Provident Fund Board	4.02

**21. Hong Leong Bank Berhad**

No	Name	% of Issued Capital
1	Hong Leon Financial Group Berhad	63.43
2	Employee Provident Fund Board	7.46
3	Am Trustee Berhad (ESOS HLBB)	3.33

**22. Gamuda Berhad**

No	Name	% of Issued Capital
1	FMR LLC & Fidelity International Limited	11.60
2	HSBC Holdings plc	8.69
3	Raja Dato' Seri Eleena bt Raja Azlan Shah	8.02

**23. Parkson**

No	Name	% of Issued Capital
1	Excell Step Investments Limited	99.16
2	Unifund	0.05
3	Loi Hsein Yin	0.03

**24. AMMB**

No	Name	% of Issued Capital
1	Ancorp Group Berhad	14.55
2	ANZ Funds Pty Ltd	14.08
3	Employee Provident Fund Board	9.55

**25. Petronas Dagang**

No	Name	% of Issued Capital
1	Petroleum Nasional Berhad (Strategy INV)	69.86
2	Employee Provident Fund Board	3.60
3	Valucap Sdn. Bhd	3.35

**26. UMW Holdings**

No	Name	% of Issued Capital
1	Amanah Raya Nominees (Tempatan) Sdn, Bhd – Skim Amanah Saham Bumiputera	37.73
2	Permodalan Nasional Berhad	12.38
3	Employee Provident Fund Board	11.92

**27. Malaysian Airline System Berhad**

No	Name	% of Issued Capital
1	Penerbangan Malaysia Berhad	52.00
2	Khazanah Nasional berhad	14.33
3	Employee Provident Fund Board	11.54

**28. KNM Group**

No	Name	% of Issued Capital
1	Intermerger Sdn. Bhd	24.34
2	Employee Provident Fund Board	3.54
3	Smallcap World Fund Inc	3.04

**29. Bursa Malaysia**

No	Name	% of Issued Capital
1	Capital Market Development Fund	18.69
2	Minister of Finance Incorporated	14.36
3	Mellon Bank	5.39

**30. Tanjong Berhad**

No	Name	% of Issued Capital
1	Usaha Tegas Sdn. Bhd	17.61
2	Usaha Tegas Resources Sdn. Bhd	13.31
3	Ultimate Corporation Sdn. Bhd	7.53

**31. IJM Corporation**

No	Name	% of Issued Capital
1	Zelan Berhad	9.67
2	JP Morgan Chase Bank	13.84
3	Employee Provident Fund Board	8.88

**32. Berjaya Land**

No	Name	% of Issued Capital
1	Teras Mewah Sdn. Bhd	48.14
2	Juara Sejati Sdn. Bhd	8.75
3	Vincent Tan Chee Yioun	5.09

**33. Berjaya Sport and Toto**

No	Name	% of Issued Capital
1	Berjaya Land	23.26
2	Vincent Tan Chee Yioun	3.39
3	GMO Emerging Markets Fund	1.97

**34. Astro All Asia Network**

No	Name	% of Issued Capital
1	Khazanah Nasional Berhad	21.40
2	All Asia Media Equities Ltd	20.12
3	East Asia Broadcast Network System NV	8.38

**35. Asiatic Development Berhad**

No	Name	% of Issued Capital
1	Genting Berhad	43.00
2	Employee Provident Fund Board	5.10
3	Lembaga Tabung Angkatan Tentera	4.90

**36. Hong Leong Finance**

No	Name	% of Issued Capital
1	Hong Leong Company (M) Berhad	51.91
2	Guaco Assets Sdn. Bhd	25.37
3	Citygroup Global Markets Limited	1.63

**37. Nestle**

No	Name	% of Issued Capital
1	Nestle USA	72.61
2	Employee Provident Fund Board	7.51
3	Lembaga Tabung Haji	3.07

**38. UEM World**

No	Name	% of Issued Capital
1	UEM Group Berhad	38.94
2	Morgan Stanley & Co Incorporated	13.13
3	Serayin Sdn. Bhd	6.65

**39. SP setia**

No	Name	% of Issued Capital
1	Employee Provided Fund	12.73
2	JP Morgan Chase Bank (USA)	10.68
3	Tan Sri Dato' Sri Liew Kee Sin	9.26



**40. Lafage Malaysian Cement Berhad**

No	Name	% of Issued Capital
1	Lafage Cement UK PLC	53.76
2	Associated International Cement Limited	8.44
3	Employee Provided Fund Board	5.58

**41. Batu Kawan**

No	Name	% of Issued Capital
1	Arusha Enterprise Sdn. Bhd	43.68
2	Lembaga Kemajuan Tanah Persekutuan (FELDA)	6.33
3	Yeoh Chin Hin Investment Sdn. Bhd	3.51

**42. Aminvestment Group**

No	Name	% of Issued Capital
1	AMMB Holdings Berhad	51.00
2	AmcorpGroup Berhad	11.94
3	Tan Sri Dato' Azman Hashim	7.16

**43. Alliance Finance Group Berhad**

No	Name	% of Issued Capital
1	Vertical Theme Sdn. Bhd	29.06
2	Employee Provident Fund Board	8.45
3	RBS Coultts Bank	3.99

**44. Magnum Corporation Berhad**

No	Name	% of Issued Capital
1	Multi-Purpose Holdings Berhad	53.76
2	Dato' Lim Thian Kiat	6.93
3	Magnum Corporation Berhad (Share Buy-Back Account	1.34

**45. EON Capital Berhad**

No	Name	% of Issued Capital
1	HICOM Holdings Berhad	20.20
2	R.H Development Corporation Berhad	16.26
3	Kualapura (M) Sdn. Bhd	11.12

**46. Berjaya Corporation Berhad**

No	Name	% of Issued Capital
1	Tan Sri Dato' Vincent Tan Chee Yioun	32.19
2	Hotel Resort Enterprise Sdn. Bhd	25.42
3	Pasti Eksklusif Sdn. Bhd	3.50

**47. Malaysian Bulk Carriers Berhad**

No	Name	% of Issued Capital
1	Pacific Carries Limited	34.46
2	Bank Pembangunan Malaysia Berhad	18.38
3	Malayan Sugar Manufacturing Company Berhad	7.98

**48. IOI Property Berhad**

No	Name	% of Issued Capital
1	IOI Corporation Berhad	70.57
2	Valuecap Sdn. Bhd	3.53
3	Employee Provident Fund Board	2.20

**49. Bousted Corporation Berhad**

No	Name	% of Issued Capital
1	Lembaga Tabung Anngkatan Tentera	56.41
2	Malaysian Nominees (Tempatan) – Great Eastern Life Insurance	3.11
3	Scotia Nominess (Tempatan) – for Che Lodin bin Wok Kamaruddin	2.70

**50. Affin Holdings Berhad**

No	Name	% of Issued Capital
1	Lembaga Tabung Anngkatan Tentera	34.14
2	Mayban Nominee (Asing) for the Bank of East Asia Limited	20.47
3	Boustead Holdings Berhad	20.29

**51. AirAsia Berhad**

No	Name	% of Issued Capital
1	Tune Air Sdn. Bhd	30.14
2	HSBC Nominee (Asing) And. Bhd for JPMorgan Chase Bank	7.31
3	National Association (USA) Employee Provident Fund Board	4.98

**52. Sarawak Electricity Berhad**

No	Name	% of Issued Capital
1	State Financial Secretary Sarawak	64.99
2	Multi-Purpose Holdings Berhad	3.18
3	Cimsec Nominee (tempatan Sdn. Bhd – for CMS Asset Management Sdn. Bhd Employee Provident Fund Board	2.87 2.55

**53. Oriental Holdings Berhad**

No	Name	% of Issued Capital
1	Malaysia Nominee (tempatan Sdn. Bhd - for Boon Siew Sdn. Bhd	21.50
2	Citigroup Nominee (tempatan) Sdn. Bhd – for Boon Siew Sdn. Bhd	21.50
3	Employee Provident Fund Board	9.26

**54. Shell Refining Company Malaysia Berhad**

No	Name	% of Issued Capital
1	Citigroup Nominee (Asing) Sdn. Bhd for Shell Overseas Holdings Limited	51.00
2	Employee Provident Fund Board	14.80
3	Amanah Raya Nominee (Tempatan) Sdn. Bhd for Skim Amanah Saham Bumiputera	6.00

**55. IGB Corporation Berhad**

No	Name	% of Issued Capital
1	Goldis Berhad	25.56
2	Employee Provident Fund Board	5.17
3	Tan Chin Nam Sdn. Bhd	3.51

**56. Airport Holdings Berhad**

No	Name	% of Issued Capital
1	Penerbangan Malaysia	72.74
2	JPMorgan Chase Bank	4.38
3	Arisaig Asean Fund Limited	2.49

**57. KLCC Property Holdings Berhad**

No	Name	% of Issued Capital
1	KLCC (Holdings) Sdn. Bhd	31.73
2	Petroliam Nasional Berhad (PETRONAS)	19.27
3	Employee Provident Fund Board	5.11

**58. Zelan Berhad**

No	Name	% of Issued Capital
1	MMC Corporation Berhad	39.25
2	Noble Gen Sdn. Bhd	7.58
3	Novazi Sdn. Bhd	4.58

**59. Fraser and Neave Holdings Berhad**

No	Name	% of Issued Capital
1	Fraser and Neave Limited	58.61
2	Amanah Raya Nominee (Tempatan) Sdn. Bhd for Skim Amanah Saham Bumiputera	16.11
3	Employee Provident Fund Board	3.74

**60. WCT Engineering Berhad**

No	Name	% of Issued Capital
1	WCT Capital Sdn. Bhd	21.20
2	Employee Provident Fund Board	11.75
3	Invesco Hong Kong Limited	6.04

**61. United Plantation Berhad**

No	Name	% of Issued Capital
1	Maximum Vista Sdn. Bhd	41.59
2	Employee Provident Fund Board	11.82
3	Perbadanan Pembangunan Pertanian Negeri Perak	6.28

**62. Dialog Group Berhad**

No	Name	% of Issued Capital
1	Employee Provident Fund Board	14.49
2	Wide Synergy Sdn. Bhd	11.58
3	Azam Utama Sdn. Bhd	9.81

**63. Hap Seng Plantation Holdings Berhad**

No	Name	% of Issued Capital
1	Hap Seng Consolidated Berhad	51.55
2	Innoprise Corporation Sdn. Bhd	14.99
3	Lembaga Tabung Haji	2.95

**64. STAR Publications Malaysia Berhad**

No	Name	% of Issued Capital
1	Huaren Holdings Sdn. Bhd	40.12
2	Employee Provident Fund Board	10.39
3	Amanah Raya Nominees (Tempatan) – Skim Amanah Saham Bumiputera	6.69

**65. YTL Cement Berhad**

No	Name	% of Issued Capital
1	YTL Industries Berhad	44.88
2	DB (Malaysia) Nominee (Asing) Sdn. Bhd – Deutsche Bank Ag Singapura PBD	9.52
		5.45

3	State Secretary Pahang	
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**66. Bintulu Port Berhad**

No	Name	% of Issued Capital
1	Petroleum Nasional Berhad (Strategic Inv)	32.79
2	State Financial Secretary Sarawak	30.67
3	Kumpulan Wang Persaraan (Diperbadankan)	14.89

**67. Media Prima Berhad**

No	Name	% of Issued Capital
1	Employee Provident Fund Board	21.64
2	Alliance Investment Management Berhad	13.85
3	JPMorgan Chase Bank, National Association U.K	3.63

**68. Kulim Malaysia Berhad**

No	Name	% of Issued Capital
1	OSK Noms (T) Sdn. Bhd – Koon Yew Yin	12.83
2	Mak Seng Feok	9.40
3	Johor Corporation	7.56

**69. Titan Chemicals Corporation Berhad**

No	Name	% of Issued Capital
1	Unio Harvard Investments SRL	31.30
2	Amanah raya Nominees (Tempatan) Sdn. Bhd – Skim	24.35
3	Amanah Saham Bumiputera Permodalan Nasional Berhad	5.52

**70. Sunway City Berhad**

No	Name	% of Issued Capital
1	Sungei Way Corporation Sdn. Bhd	28.66
2	Cataban Nominee (Asing) Sdn. Bhd – Government of Singapore Investment Corporation Pte. Ltd	21.39
3	Cataban Nominee (Asing) Sdn. Bhd – State Street Australia Fund UAJB	4.79

**71. Malaysian Resources Corporation Berhad**

No	Name	% of Issued Capital
1	Employee Provident Fund Board	30.27
2	HSBC Nominee (Asing) Sdn. Bhd – Merrill Lynch International	2.43
3	Investment Funds Emerging Markets Fund HSBS Nominee (Asing) – Morgan Stanley & Co International PLC	2.32

**72. Multi-Purpose Holdings Berhad**

No	Name	% of Issued Capital
1	Inter-Pacific Equity Nominees (Asing) Sdn. Bhd – Discoll	19.56
2	Shipping Ltd	19.07
3	CIMB Group Nominees (Tempatan) Sdn. Bhd – Capi Management Sdn. Bhd HDM Nominees (Asing) Sdn. Bhd – UOB Kay Hian Pte Ltd	10.74

**73. Kencana Petroleum Berhad**

No	Name	% of Issued Capital
1	Khasera Baru Sdn. Bhd	46.53
2	ABN Amro Bank N.V	9.21
3	Chong Hin Loon	8.28

**74. Tradewinds Plantation Berhad**

No	Name	% of Issued Capital
1	Tradewinds (M) Berhad	69.76
2	AMMB Nominees (Tempatan) – Aminternation (L) Ltd	11.60
3	Mayban Nominees (Tempatan) Sdn. Bhd – Perspective Lane (M) Sdn. Bhd	3.93

**75. IJM Plantation Berhad**

No	Name	% of Issued Capital
1	Strobilt Sdn. Bhd	42.37
2	Desa Plus Sdn. Bhd	7.46
3	IJM Corporation Berhad	7.41

**76. Guocoland (Malaysian) Berhad**

No	Name	% of Issued Capital
1	GGL (Malaysia) Pte Ltd	64.98
2	Dubai Ventures Limited	4.85
3	Guocoland (Malaysia) Berhad - ESOS	4.43

**77. Puncak Niaga Holdings Berhad**

No	Name	% of Issued Capital
1	Corporate Line (M) Sdn. Bhd	9.53
2	Centra Plus (M) Sdn. Bhd	8.42
3	JPMorgan Chase Bank National Association (Bermuda)	8.33

**78. Proton Holdings Berhad**

No	Name	% of Issued Capital
1	Khazanah Nasional Berhad	38.24
2	Employee Provident Fund Board	12.30
3	Petroleum Nasional Berhad	7.85

**79. Mulpa International Berhad**

No	Name	% of Issued Capital
1	Nautical Investment Limited	23.56
2	Mackenzie Cundill Investment Management Ltd	8.40
3	Vista Power Sdn. Bhd	6.64

**80. Top Glove Berhad**

No	Name	% of Issued Capital
1	Tan Sri Dr. Lim Wee-Chai	29.16
2	Mathews Pacific Tiger Fund	5.22
3	The Overlook Partner Fund LP	4.62



**81. Malaysian Pacific Industries Berhad**

No	Name	% of Issued Capital
1	Hong Leong Industries Berhad	57.82
2	Citigroup Global Markets Limited	5.35
3	Employee Provident Fund Board	5.12

**82. Time. Com Berhad**

No	Name	% of Issued Capital
1	Khazanah Nasional Berhad	30.00
2	TIME Engineering Berhad	29.35
3	Kumpulan Wang Persaraan (Diperbadankan)	9.62

**83. Linkaran Trans Kota Holdings Berhad**

No	Name	% of Issued Capital
1	Gamuda Berhad	41.29
2	Employee Provident Fund Board	4.69
3	Amanah Raya Nominees (Tempatan) – Skim Amanah Saham Bumiputera	2.91

**84. E & O Property Development Berhad**

No	Name	% of Issued Capital
1	CitiGroup Nomine (Asing) Sdn. Bhd	23.04
2	CIMB Group Nominees (Tempatan) 0 Pacific Dana Aman	7.70
3	BHLP Trustee (Lee Chah Cheang)	6.25

**85. AEON Co. (M) Berhad**

No	Name	% of Issued Capital
1	AEON Co. Ltd	51.00
2	HSBC Nominees (Asing) Sdn. Bhd – Genesis Smaller Companies	5.84
3	Amanah Raya Nominees (Tempatan) Sdn. Bhd – Skim AManah Saham Bumiputera	3.99

**86. Boustead Heavy Industry Corporation Berhad**

No	Name	% of Issued Capital
1	Boustead Holdings Berhad	64.92
2	Lembaga Tabung Angkatan Tentera	7.22
3	Maybank Nominees (Tempatan) Sdn. Bhd – Public Aggressive Growth Fund	1.21

**87. Sapuracrest Petroleum Berhad**

No	Name	% of Issued Capital
1	Sapura Technology Berhad	60.23
2	Delta Asia Investments Limites	7.48
3	Loo Lan Choo	1.54

**88. TA Enterprise Berhad**

No	Name	% of Issued Capital
1	Goldman Sachs International	6.85
2	Poh Ewe Wing	2.39
3	Public Equity Fund	1.56

**89. Wah Seong Corporation Berhad**

No	Name	% of Issued Capital
1	Wah Seong (Malaya) Trading Co. Sdn. Bhd	26.93
2	HSBC Private Bank (Suisse) S.A (Nassau Ac CL)	7.35
3	Midvest Holdings Sdn. Bhd	5.21

**90. LPI Capital Berhad**

No	Name	% of Issued Capital
1	Selected Holdings Sdn. Bhd	14.12
2	Kepunyaan Chintamani Sdn. Bhd	12.17
3	Nipponko Insurance Co. Ltd	7.80

**91. Guinness Anchor Berhad**

No	Name	% of Issued Capital
1	GAPL Pte Ltd	51.00
2	Great Eastern Life Assurance (Malaysia) berhad	3.38
3	BNP Paribas Securities Services	1.62

**92. Hap Seng Consolidated Berhad**

No	Name	% of Issued Capital
1	Gek Poh (Holdings) Sdn. Bhd	54.5
2	Amanah Raya Nominees (Tempatan) Sdn. Bhd – Skim	7.28
3	Amanah Saham Bumiputera	5.34
	OSK Asia Securities Limited	

**93. RB Land Holdings Berhad**

No	Name	% of Issued Capital
1	Road Builders (M) Holdings Berhad	69.96
2	John Lee Yow Meng	4.40
3	Employee Provident Fund Board	2.39

**94. Tradewinds (M) Berhad**

No	Name	% of Issued Capital
1	Perspective Lane (M) Sdn. Bhd	30.04
2	Greenfell Holdings Sdn. Bhd	21.12
3	Kelana Ventures Sdn. Bhd	8.86

**95. DRB Hicom Berhad**

No	Name	% of Issued Capital
1	Etika Strategi Sdn. Bhd	15.43
2	Employee Provident Fund Board	12.82
3	Khazanah Nasional Berhad	10.33

**96. OSK Holdings Berhad**

No	Name	% of Issued Capital
1	Ong Leong Huat @ Wong Joo Hwa	37.06
2	Lee Sui Hee	6.88
3	Leong Kam Chee	2.53

**97. Tradewinds Corporation Berhad**

No	Name	% of Issued Capital
1	Perspective Lane (M) Sdn. Bhd	47.07
2	Kelana Ventures Sdn. Bhd	16.73
3	Seaport Terminal (Johor) Sdn. Bhd	7.69

**98. Lion Diversified Holdings Berhad**

No	Name	% of Issued Capital
1	Amsteel Sdn. Bhd	16.68
2	Cheng Heng Jem	16.46
3	Narajaya Sdn. Bhd	14.79

**99. Banda Raya Development Berhad**

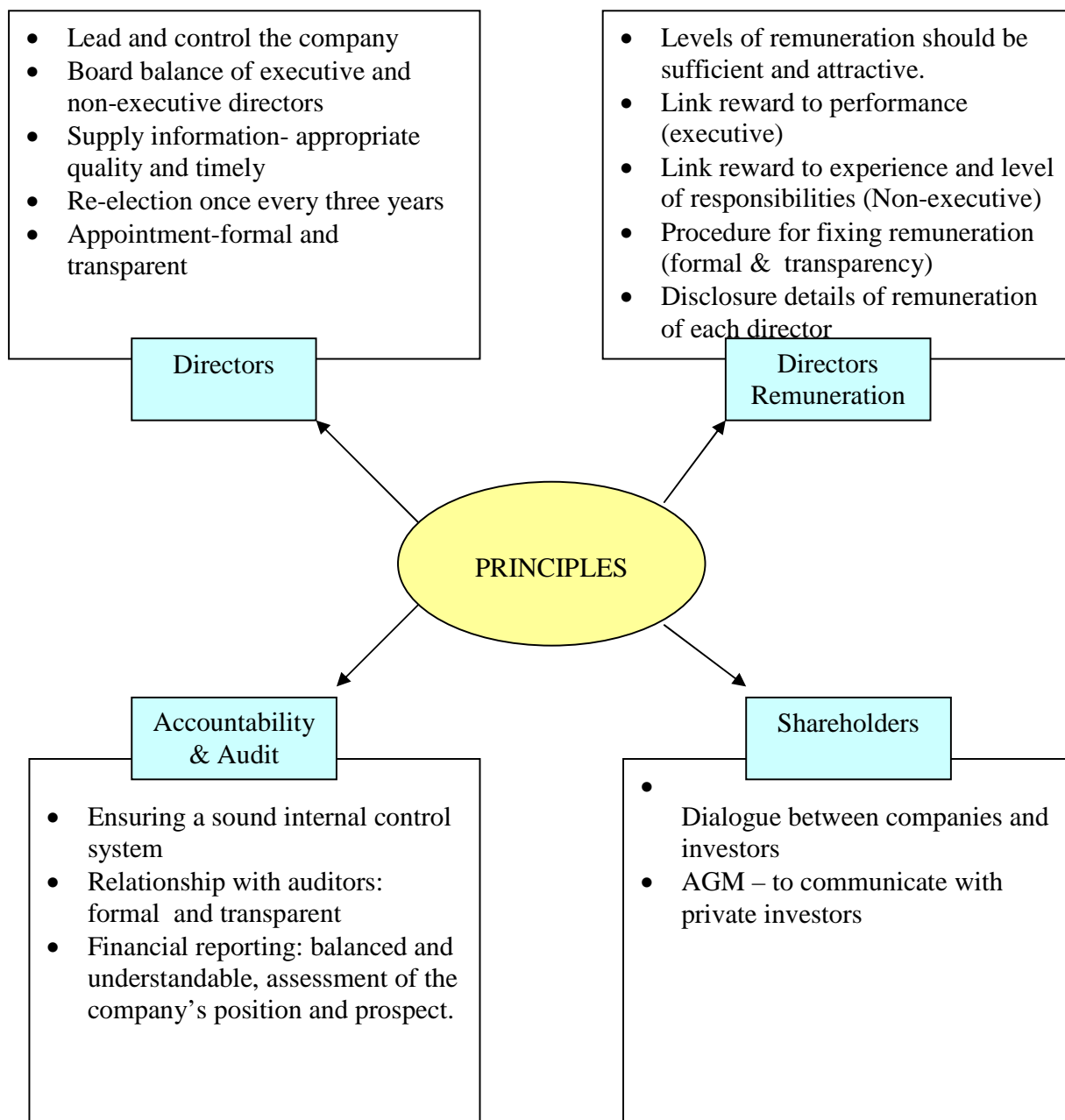
No	Name	% of Issued Capital
1	Credit Suisse	17.98
2	Ambang Sehato Sdn. Bhd	13.45
3	UOB Kay Hian Pte Ltd	9.87

**100. TA ANN Holdings Berhad**

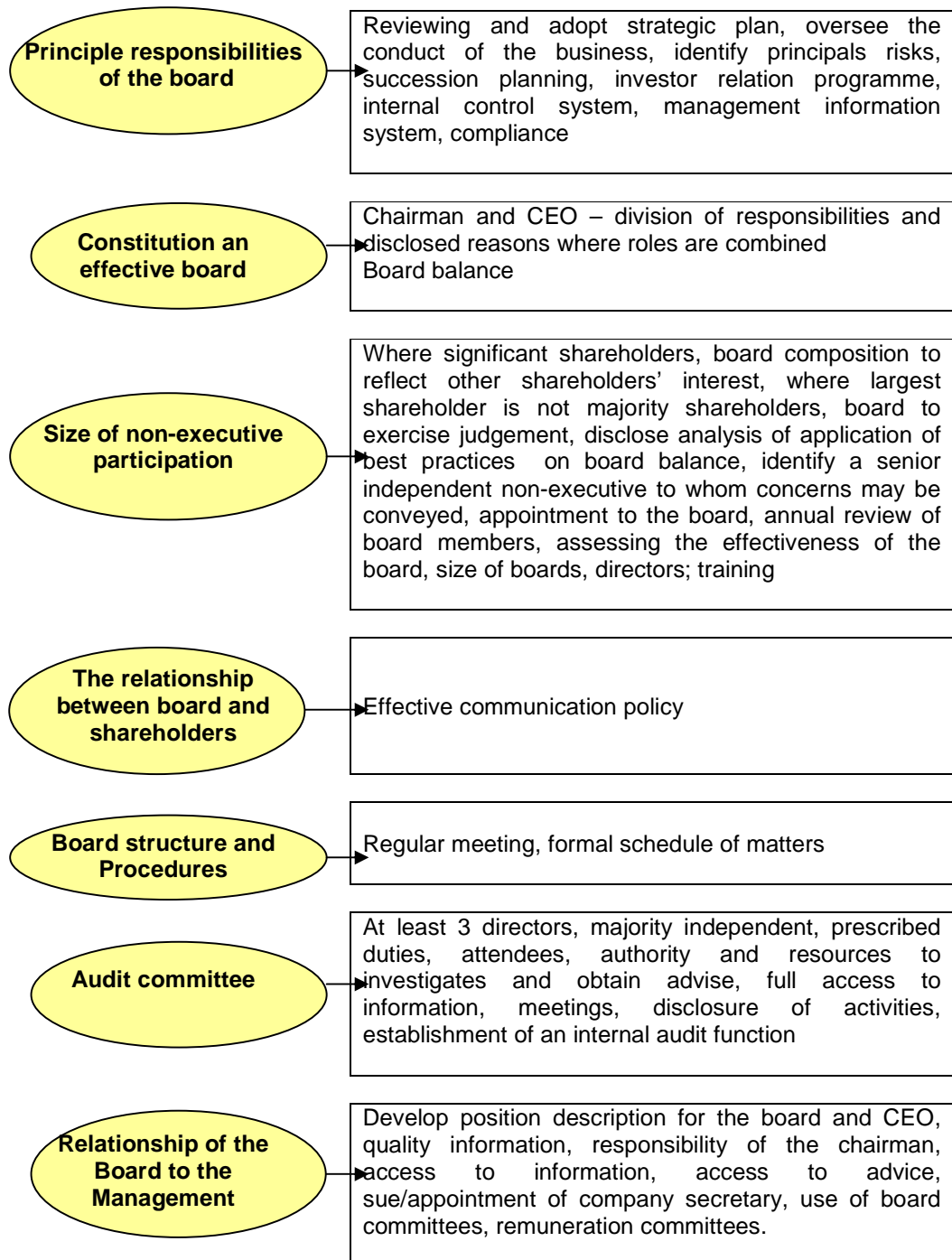
No	Name	% of Issued Capital
1	Mountex Sdn. Bhd	17.22
2	Wahab Haji Dollah	9.03
3	Upaya Rajang Sdn. Bhd	4.41

## Malaysia Code of Corporate Governance framework

### Principle of Malaysian Code of Corporate Governance



## Best practices of the code



Source: Malaysian Code of Corporate Governance (2000)

**CENTRE FOR INTERNATIONAL CORPORATE GOVERNANCE  
RESEARCH  
FACULTY OF BUSINESS AND LAW**

**CHARACTERSITICS OF BOARD OF DIRECTORS AND BOARD  
EFFECTIVENESS: A STUDY OF MALAYSIAN PUBLIC LISTED  
COMPANIES**

Interview Schedule

Interview Date: \_\_\_\_\_

Interviewed by: \_\_\_\_\_

Respondent position: \_\_\_\_\_

This study will not attribute any comments to you personally or to your company. I will anonymise responses. The information gathered from this interview will be used for academic purposes. So, I hope this will be of comfort to you.

### **Section 1: Introduction (respondent background)**

1. First, could you please spend a few minutes or so telling me about your background - how long have you been in this position, and how did you come to be appointed to this position?

### **Section 2: Directors' characteristics**

2. Based on your experience, what personal characteristics of board members (such as their ages, gender, tenure, multiple directorships, etc) help to ensure their effectiveness as board members?
3. Some would say that directors must possess various kinds of competencies such as knowledge and skills, experience and others, to contribute to board effectiveness. From your experience, what types of competencies are essential an individual director to perform his/her roles effectively? (Probe: why?)
4. The literature tells us that effective boards required directors to have accounting and financial knowledge. In your experience how important is it for directors to possess this knowledge?
5. What would be the three important forms of directors' personality characteristics and behaviours that are essential for an effective board? (Probe: why)

### **Section 3: Characteristics of corporate leaders**

6. How would you describe the essential characteristics (such as backgrounds, competencies, and behaviour) that should be possessed by each of the following types of Malaysian PLCs corporate leaders?
  - a. The Chairman?
  - b. The CEO?
  - c. The Outside/ independent directors?



#### **Section 4: Characteristics of an effective board**

7. The corporate governance literature tells us that board effectiveness depends on various characteristics. Based on your experiences what are the key characteristics of effective public company boards? Can you give examples?
8. In your experience, can a company be effective if its board is not effective? Can you give examples?
9. From your experiences how does culture (such as values, norms, ways of doing things, etc) contribute to board effectiveness in Malaysian PLC?
10. In what way, Malaysian board differ from boards in more developed countries (such as USA, UK, Australia, etc)?

#### **Section 5: Other issues**

11. Generally, if you were able to enhance board effectiveness in Malaysia, how would you improve the governance of Malaysian PLCs boards of directors?

**Thank you very much for your cooperation**

## Appendix D : Letter(s) to participants



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Fax +61 3 9689 4069  
[www.vu.edu.au](http://www.vu.edu.au)

Date:

Dear Sir,

### **BOARD OF DIRECTORS SURVEY**

My name is Wan Fauziah Wan Yusoff and I am a PhD student at the Centre for International, Victoria University, Australia. I am working under the supervision of Professor Roman Tomasic and Professor Anona Armstrong.

The title of my project is **“the characteristics of boards of directors: A study of Malaysian Public Listed Companies”**. To gain insight into this topic, I am seeking to interview directors of Malaysian Public Listed Companies.

Following the receipt of this letter, I will be requesting your consideration to give me about 30 minutes of your valuable time for an interview. The interviews are schedule to take place between December 2007 and March 2008.

Attached herewith is a brief description of my study. If you have any inquiries, please do not hesitate to contact me by email at [wanfauziah.wanyusoff@research.vu.edu.au](mailto:wanfauziah.wanyusoff@research.vu.edu.au) or [Roman.Tomasic@vu.edu.au](mailto:Roman.Tomasic@vu.edu.au) or [Anona.Armstrong@vu.edu.au](mailto:Anona.Armstrong@vu.edu.au).

Your participation in this research is very important so as to ensure the success of this unique study. This study will seek to offer new insights that may lead to the improvement of Malaysian Corporate Governance. Hopefully, this research will benefit Malaysian companies generally. I will be contacting you again shortly to set up a time for a meeting

Thank you once again for your support.

Your sincerely,

Wan Fauziah Wan Yusoff  
PhD Candidate  
Victoria University, Australia

## **Information Form**

### **Project Title:**

The characteristics of boards of directors, board and corporate effectiveness: A study of Malaysian Public Listed Companies

### **Researchers**

1. Professor Roman Tomasic, Victoria University
2. Professor Anona Armstrong, Victoria University
3. Wan Fauziah Wan Yusoff, Victoria University

### **Purpose of the study**

The purpose of this study is to explore various characteristics of Malaysian Public Listed Companies boards of directors, and the influence of these characteristics upon board and corporate effectiveness.

### **Your Involvement**

You are invited to participate in the interview (it will take about 45 minutes to one hour). The interview will ask your opinion on several questions relating to the characteristics of board of directors namely directors' personal characteristics; directors' competencies (knowledge and skills); and directors' behaviour, and then asks some other questions about the characteristics of effective boards. You are not obliged to disclose any characteristics that you do not feel comfortable with.

### **Confidentiality**

The responses you give to the questions will remain confidential and they will be treated as anonymous. Your responses will be used for this research study only. The research will not identify yourself or your company and your responses will not be known to other institutions or organization.

### **Potential Risks and Safeguards**

During the interview if you feel uncomfortable or do not understand something, please feel free to ask the researcher during the interview session. Please be assured that the interview is strictly confidential and that your responses will be completely anonymous.

### **Freedom of Consent and Withdrawal**

Your participation in this research study is entirely voluntary. You have the right not to answer any question. Your participation, or refusal, will not influence your present or future association with Victoria University or any other organization or institution.

### **Potential Benefits**

Your participation will make an important contribution to knowledge about the characteristics of boards of directors' members, and board and corporate effectiveness. This knowledge will be used to develop models of effective boards of directors, as these may apply to Malaysian PLC boards.

### **Inquiries**

Questions related to this project are welcome any time. Please direct them to Professor Roman Tomasic or Professor Anona Armstrong. If any complaints or queries have not been answered to your satisfaction, you may contact the Secretary, Victoria University Human Research Ethics Committee, Victoria University, PO Box 14428, Melbourne, VIC, 8001 phone (03) 9919 4710

### **Acknowledgement**

Thank you for taking the time to read this information. We hope that you will find the interview is interesting and stimulating.

## Appendix E

### List of top 100 Malaysian Public Listed Companies on 31 December 2007

31/12/2007	Stock Short Name	Company Name	Sector	Market Capitalisation (RM '000)
Ranking				
1	SIME	Sime Darby Berhad	TRADING/SERVICES	71,509,598
2	IOICORP	IOI Corporation Berhad	PLANTATION	47,008,692
3	MAYBANK	Maybank Berhad	FINANCE	44,822,123
4	TENAGA	Tenaga Nasional Berhad	TRADING/SERVICES	41,594,001
5	PBBANK	Public Bank Berhad	FINANCE	38,806,805
6	TM	Telekom Malaysia berhad	TRADING/SERVICES	38,525,868
7	COMMERZ	Commerce Asset Holding Berhad	FINANCE	37,115,996
8	MISC	MISC Berhad	TRADING/SERVICES	36,435,711
9	GENTING	Genting Berhad	TRADING/SERVICES	29,258,091
10	RESORTS	Resorts World Berhad	TRADING/SERVICES	22,619,658
11	PETGAS	Petronas Gas Berhad	INDUSTRIAL PRODUCTS	21,172,431
12	DIGI	Digi Com Berhad	INFRASTRUCTURE PROJECT COS.	18,600,000
13	KLK	Kuala Lumpur Kepong Berhad	PLANTATION	18,574,582
14	PLUS	PLUS Expressway Berhad	TRADING/SERVICES	16,400,000
15	YTLPOWR	YTL Power Berhad	INFRASTRUCTURE PROJECT COS.	14,465,606
16	MMCCORP	MMC Corporation Berhad	TRADING/SERVICES	14,159,522
17	YTL	YTL Corporation Berhad	CONSTRUCTION	13,103,712
18	PPB	PBB Group Berhad	CONSUMER PRODUCTS	13,040,499
19	RHBCAP	RHB Capital Berhad	FINANCE	12,597,827
20	BAT	British American Tobacco (M) Berhad	CONSUMER PRODUCTS	11,778,113
21	HLBANK	Hong Leong Bank Berhad	FINANCE	10,033,680
22	GAMUDA	Gamuda Berhad	CONSTRUCTION	9,606,844
23	PARKSON	Pakson Holdings Berhad	TRADING/SERVICES	9,540,811
24	AMMB	AMMB Holdings Berhad	FINANCE	9,421,455
25	PETDAG	Petronas Dagang Berhad	TRADING/SERVICES	8,593,377
26	UMW	UMW Holdings Berhad	CONSUMER PRODUCTS	8,387,978
27	MAS	Malaysia Airline System Berhad	TRADING/SERVICES	8,154,440
28	KNM	KNM Group Berhad	INDUSTRIAL PRODUCTS	8,058,688
29	BURSA	Bursa Malaysia Berhad	FINANCE	7,488,170
30	TANJONG	Tanjong Berhad	TRADING/SERVICES	7,460,239
31	IJM	IJM Corporation Berhad	CONSTRUCTION	7,359,168
32	BJLAND	Berjaya Land Berhad	TRADING/SERVICES	7,218,977
33	BJTOTO	Berjaya Sport & Toto Berhad	TRADING/SERVICES	6,822,702
34	ASTRO	Astro All Asia Networks Be	TRADING/SERVICES	6,769,093
35	ASIATIC	Asiatic Development Berhad	PLANTATION	6,530,715
36	HLFG	Hong Leong Finance Group Berhad	FINANCE	6,316,607
37	NESTLE	NESTLE Malaysia Berhad	CONSUMER PRODUCTS	6,155,625
38	UEMWRLD	UEM World Berhad	CONSTRUCTION	5,469,063
39	SPSETIA	Setia Berhad	PROPERTY	5,024,361

40	LMCEMNT	Lafarge Malayan Cement Berhad	INDUSTRIAL PRODUCTS	4,970,719
41	BKAWAN	Batu Kawan Berhad	PLANTATION	4,969,841
42	AIGB	Aminvestment Group Berhad	FINANCE	4,857,600
43	AFG	Alliance Finance Group Berhad	FINANCE	4,768,166
44	MAGNUM	Magnum Corporation Berhad	TRADING/SERVICES	4,751,225
45	EONCAP	EON Capital Berhad	FINANCE	4,575,178
46	BJCORP	Berjaya Corporation Berhad	TRADING/SERVICES	4,532,917
47	MAYBULK	Malaysian Bulk Carriers Berhad	TRADING/SERVICES	4,460,000
48	IOIPROP	IOI Property Berhad	PROPERTY	4,368,437
49	BSTEAD	Bousted Corporation Berhad	PLANTATION	4,057,303
50	AFFIN	Affin Holdings Berhad	FINANCE	3,851,280
51	AIRASIA	Airasia Berhad	TRADING/SERVICES	3,793,963
52	SARAWAK	Sarawak Electricity Berhad	TRADING/SERVICES	3,645,479
53	ORIENT	Oriental Holdings Berhad	CONSUMER PRODUCTS	3,412,200
54	SHELL	Shell Refining Company Malaysia Berhad	INDUSTRIAL PRODUCTS	3,390,000
55	IGB	IGB Corporation Berhad	PROPERTY	3,366,776
56	AIRPORT	Airport Holdings Berhad	TRADING/SERVICES	3,322,000
57	KLCCP	KLCC Property Holdings Berhad	PROPERTY	3,269,260
58	ZELAN	Zelan Berhad	CONSTRUCTION	3,069,783
59	F&N	Fraser & Neave Holdings Berhad	CONSUMER PRODUCTS	2,834,120
60	WCT	WCT Engineering Berhad	CONSTRUCTION	2,729,855
61	UTDPLT	United Plantations Berhad	PLANTATION	2,643,305
62	DIALOG	Dialog Group Berhad	TRADING/SERVICES	2,557,910
63	HSPLANT	HAP Seng Plantation Holdings Berhad	PLANTATION	2,544,000
64	STAR	STAR Publications Malaysia Berhad	TRADING/SERVICES	2,540,659
65	YTLCMT	YTL Cement Berhad	INDUSTRIAL PRODUCTS	2,451,694
66	BIPORT	Bintulu Port Berhad	TRADING/SERVICES	2,440,000
67	MEDIA	Media Prima Berhad	TRADING/SERVICES	2,366,411
68	KULIM	Kulim Malaysia Berhad	PLANTATION	2,357,690
69	TITAN	Titan Chemicals Corporation Berhad	INDUSTRIAL PRODUCTS	2,348,618
70	SUNCITY	Sunway City Berhad	PROPERTY	2,340,153
71	MRCB	Malaysian Resources Corporation Berhad	CONSTRUCTION	2,314,220
72	MPHB	Multi-Purpose Holdings Berhad	TRADING/SERVICES	2,214,638
73	KENCANA	Kencana Petroleum Berhad	TRADING/SERVICES	2,193,090
74	TWSPLNT	Tradewinds Plantation Berhad	PLANTATION	2,106,031
75	IJEMPLNT	IJM Plantation Berhad	PLANTATION	2,085,953
76	GUOCO	Guocoland (Malaysia) Berhad	PROPERTY	2,059,348
77	PUNCAK	Puncak Niaga Holdings Berhad	INFRASTRUCTURE PROJECT COS.	2,055,714
78	PROTON	Proton Holdings Berhad	CONSUMER PRODUCTS	2,021,104
79	MULPHA	Mulpha International Berhad	TRADING/SERVICES	1,957,756
80	TOPGLOV	Top Glove berhad	INDUSTRIAL PRODUCTS	1,953,585

81	MPI	Malaysian Pacific Industries Berhad	TECHNOLOGY	1,951,925
82	TIMECOM	Time.Com Berhad	INFRASTRUCTURE PROJECT COS.	1,910,735
83	LITRAK	Linkaran Trans Kota Holdings Berhad	INFRASTRUCTURE PROJECT COS.	1,908,268
84	E&OPROP	E & O Property Development Berhad	PROPERTY	1,867,196
85	AEON	AEON Co. (M) Berhad	TRADING/SERVICES	1,860,300
86	BHIC	Bousted Heavy Industry Corporation Berhad	INDUSTRIAL PRODUCTS	1,851,009
87	SAPCRES	Sapuracrest Petroleum Berhad	TRADING/SERVICES	1,840,339
88	TA	TA Enterprise Berhad	FINANCE	1,826,523
89	WASEONG	Wan Seong Corporation Berhad	INDUSTRIAL PRODUCTS	1,691,189
90	LPI	LPI Capital Berhad	FINANCE	1,678,548
91	GUINNESS	Guinness Anchor Berhad	CONSUMER PRODUCTS	1,676,644
92	HAPSENG	Hap Seng Consolidated Berhad	TRADING/SERVICES	1,668,729
93	RBLAND	RB Land Holdings Berhad	PROPERTY	1,647,741
94	TWS	Tradewinds (M) Berhad	CONSUMER PRODUCTS	1,615,764
95	DRBHCOM	DRB Hicom Berhad	INDUSTRIAL PRODUCTS	1,602,095
96	OSK	OSK Holdings Berhad	FINANCE	1,559,233
97	TWSCORP	Tradewinds Corporation Berhad	TRADING/SERVICES	1,548,431
98	LIONIND	Lion Diversified Holdings Berhad	INDUSTRIAL PRODUCTS	1,533,894
99	BRDB	Banda Raya Developments Berhad	PROPERTY	1,514,882
100	TAANN	TA ANN Holdings Berhad	INDUSTRIAL PRODUCTS	1,502,418

**Typology of sampling strategies in qualitative inquiry**

Types of sampling	Purpose
Maximum variation	diverse variations and identifies important common patterns
Homogeneous	Focuses, reduces, simplifies, and facilitates group interviewing
Critical case	Permits logical generalization and maximum application of information to other cases
Theory based	Find examples of a theoretical construct and thereby elaborate on an examine it
Conforming and disconfirming cases	Elaborate and initial analysis, seek exceptions, looking for variation
Snowball and chain	Identifies cases of interest from people who know people who know what cases are information-rich
Extreme or deviant case	Learn from highly usual manifestations of the phenomenon of interest
Typical case	Highlights what is normal or average
Intensity	Information-rich cases that manifest the phenomenon intensity but not extremely
Politically important cases	Attract desired attentions or avoids attracting undesired attention
Random purposeful	Adds credibility to sample when potential purposeful sample is too large
Stratified purposeful	Illustrate subgroups and facilitates comparisons
Criterion/purposive	All cases that meet some criterion; useful for quality assurance
Opportunistic	Follow new leads; taking advantage of the unexpected needs
Combination or mixed	Triangulation, flexibility; meets multiple interests and needs
Convenience	Saves time, energy, money, but at the expenses of information and credibility

An example of data display for block and file approach: Characteristics of effective director  
(Chairmen points of view)

Resp	General	The most important characteristics	Chairman	CEO	ID
1	Is a mixture of personal characteristics of individuals such as experience in business, appropriate qualification, knowledge and skills	I think the major challenge is to understand diversity of flexibility in business. Therefore, director must have experience for that.	To be honest, is easier for me to become ordinary directors than the chairman because the chairman need to has all good characteristics. You got to be open minded, highly experience, calms, good communication skills and many other traits. It is not an easy job.	Experience, hard working, high motivation level, high level of confidence	Good ID want to bring the company's performance forward, make good judgment and decision, and keep the board focused on strategic issues.
2	Willingness to learn is an extremely important characteristics for a director. Other characterizer which is also important the person must be knowledgeable, willing to listened.	Experience	Number one, the chairman must know his job. You can be the chairman unless you know what your duties are. The chairman must be somebody who is of his roles, his responsibilities, he must be able to drive the board and the company, Have the skills to manage the board especially the meeting. During the meeting his must be able to encourage the board to speak and at the end he able to summaries the issues that have being discuss. Some of this is inside the person leadership characteristics. Some of those characteristics can be learned provided the person willing to learned.	Experience in managing business, goal oriented or high achievement,	Experience in business, independent, high integrity, ability to think strategically, high analytical thinker



3	The requirement of the director's characteristics has been changes slightly nowadays, especially in relation to Bursa Malaysia requirement. The most important characteristics is which is particularly that add value to the company for example good working with the government to secure the job and good networking.	Good personality style because the individual would be easily adopt to any environment if he/she has good personality.	Able to draw out ideas from board members (analytical thinker), Not dominate the board (open minded), Able to control the board members (charismatic) and experience person.	Experience in the management of company particularly the PLCs, Well knowledge and skills In business, high vision, good communication skills.	Independent, business experience, economically stable, open minded, analytical thinker
4	Good personality traits such as hardworking, easy to work with, posses good knowledge and skills in business, experience in business	Experience in business because being PLC directors, they must be well experience in order to make good decision.	Credible person, experience in business, being director of PLC for at least 3 years, good listener, analytical thinker	Integrity, experience (relevant to company business), hard working, enthusiasm	Experience in business, high integrity, consciousness, independent, analytical thinker
5	Highly experience people, relevant knowledge and skills, good personality traits such as able to work with other, energetic.	Hard to determine which one is important. All are relate to each other	Well-known person in the corporate sector because the person bring the name of the company. Experience in business because this person usually equip with various knowledge and skills in business, Charismatic person. Open minded because he will not dominate the board	Experience in handling PLCs. Open minded, Risk taker, high ambitious	Independent, good financial knowledge, experience in business, economically
6	No Specific characteristics. I believe the person should posses at least combination of experience in business, appropriate knowledge and skills and good attitudes such as easy to work with, high integrity, and so on.	Experience in industry because	The chairman got to be open minded and got to be a good listener. The chairman has to be able to adapt his style as well to the circumstances.	Work hard, high integrity, ambitious, high motivation level, positive thinking	Experience in business especially PLC business. Independent. High integrity. Financially strong. Not hold more than 3 directorships.

7	Experience in business locally and internationally, possess relevant knowledge and skills, positive attitudes such as open minded, positive thinking and so on.	Experience especially at PLC level because PLC business is more complex and diverse. Director would not really understand the PLC business within short of time.	I doubt any one can become a good chairman without first being a non-executive directors of PLC, for at least 1 terms or three years. Learning to be an effective non-executive director is an important pre-requisite to become an effective chairman	Experience in business, hardworking, possess relevant knowledge and skill especially financial knowledge, resourcefulness, courage, analytical thinker, risk takers	Knowledge in finance and business management, independent, integrity, analytical thinker
8	Experience, good personality traits and appropriate formal qualification it would be better business or finance qualification	Experience because by having experience in business the person would be able to see the nature of company business and issues or problem easily and the person in fact may be able to enhance the company performance	Good listening skills, strategic thinker, open minded, well experience in business that is relevant to the company	Experience in business management, work hard, committed, high level of motivation, high accountability	Independent, experience in business, financial literate rate - good is professional accountant, analytical thinkers.
9	It is a combination of various characteristics. It is very hard to determine specific characteristics. But obviously directors should be experience in business especially in regards to PLCs business., possess relevant knowledge and skills.	Experience because experience take time to develop. The longer the person in the business, the more experience the person has. For me director of PLC should experience in PLC business for at least 3 years or one term of the appointment.	The chairman must be someone who is well known in corporate sector because he has to spend much time with outside people such as the minister, political people, as well as other directors. It's more likely to establish networking to secure more project for the company.	Experience in business, independent, analytical thinker, process financial and legal knowledge	Resourcefulness, strategic thinker, experience - at least 5 years as PLC director, open minded
10	At least Diploma in relevant field related to company business and experience in business	Experience because no one can become effective director without experience. The best director is the person who has more than 5 years experience being PLC director. This simply because PLC business quite complex.	To me the most important thing is the chairman should experience - being a director of other PLC for at least 3 years. Other the person should also - risk taker, charismatic, open minded, resourcefulness	hardworking, experience in business management, high level or motivation, enthusiasm	Possess finance or accounting knowledge, analytical thinker, independent. Have political network

An example of data display for block and file approach: Characteristics of effective board  
(Chairman points of view)

Resp.	Board Effectiveness			General Opinion	
	Key Characteristics	Most important matter considered by Malaysian PLCs board in achieving effective board	Can company be effective if its board is not effective	Difference between Malaysian and other develop countries' boards	How to improve Malaysian boards of directors
1	Competent board members (combination of various experience, knowledge and skills), clear role and responsibility. The board that enable enhance company performance (financial and social aspects)	Board membership, their role and responsibilities, rule and regulation	No. Many good company internationally like General Motor or locally such as TM, PETRONAS, Tenaga, have good board of director. The main reason because they determine the future of the company.	Remuneration- a little bit lower, some companies like GLCs are fully controlled by the government as major shareholders, more board members are family members especially for family own firms.	Enforcement on corporate governance should be more active. The regulator such as SC, Bursa Malaysia and CCM should work closely in promoting high standard on corporate governance.
2	Composition of the board member - the mixture of skills, attitudes and willingness to listened. Not to dominate the board. The board that always contributed to the high achievement of the company	Clear role and responsibilities, competent chairman, competent board members	No. Many companies fail or collapse just because the board didn't perform as they should be.	High political interferences because the Malaysian PLCs are subject to government agenda-bumiputera agenda, NEP. low remuneration, even lower than Indonesia, which can not attract more people to become board members.	The appointment of board members should be base on professionalism, not base on personal networking or political connection.
3	Chairman must be a good leader who is able to smooth functioning of the board, determining the board meeting schedule. Overtime we do not want the board which the only chairman speak or control the other board members. Today yes-man board are over. The board must have the members who are very objective and clear role and responsibilities	Competent board members, good chairman and well structured of the board	No. It has happened to many company in Malaysia or other countries in which when the board has problem, the share price of the company drop. It is directly effect the company. Few years ago, we still remember what happened to KFC Holdings Behad, when the board has problem because of change ownership, KFC price drop significantly.	Lower compensation, Government interference for GLCs has been very high because government is the major shareholder, more family company dominated the stock exchange	No

4	Competent board members, strong independent board, balance of power between the chairman and CEO. Good relationships with the management		No. Good company usually has good board because the board is the key driver and decision makers of the company. If they make wrong decision, the company will not survive.	Less professional people as a result too many people become director of more than 3 PLCs. This issue specifically involve the professional accountant because each PLC has to meet Bursa requirement. Multiracial board because Malaysia is multiracial country.	Each company has to develop evaluation system which enable to evaluate individual director. More training programme to the board should be implemented and types of required training should be clearly defined by the regulator.
5	The role of the chairman and the CEO should be separated to avoid conflict of interest. The selection of board members must be base on professionalism and better quality. Compensation of the board should be equivalent. The board members are actively involve in company activities not just attending board meeting		Probably yes in some cases. In the case of family own firm, most of the chairman is also the CEO (executives chairman). The person usually dominate the board. The board just become rubber stamp. Even though the members of the board are not very competent, it is an issue because the chairman was actually the decision makers. I think this still happen in Malaysian family own firms.	Mixture of background especially we have multiracial More ex-government officer in PLCs board. The appointment of the board members still base on personal networking.	Malaysian should establish professional institution similar to IOD that compile all professional individual information.
6	Competent board members with relevant knowledge and skills. The board members are clearly understand their role and responsibilities. The chairman and the CEO should be different person. The relationship of the board should be well and cohesive so that would be easier to make consensus decision.	Training and development. The board must be well experience in dealing with all company matters. Quality board members	No. But it hard for me to give specific example especially in Malaysia because the failure of the company not just because of the board. There are other factors such as economic situation for example, or changing of political party.	More family members are on the board because many Malaysian PLCs are family own firm. The appointment of the board many company still rely on personal networking.	No comment

7	Well structure of the board-have proper committee, proper working procedures, separate role of chairman and CEO, The board is clearly understand their role and responsibilities. The members of the board are competent - combination of required experience and skills by the company.	Law- rules and regulation, company structure	Some time company can be effective also without a good board. The reason I'm saying that because it is depending of the CEO. In Malaysia many good CEOs are able to put their companies better performance regardless of what types of the board. People even recognize the contribution of the CEO not the board. One example I can say here is Air Asia Berhad. The success of Air Asia I believed result form the CEO not the board.	Most board still subject to government policy - one which is very clear is bumiputera policy. Compensation was quite law. Most board members did not hold company equity or not the shareholders.	Enforcement by the regulator has to be in place because we have a very good corporate regulation but very poor enforcement. Remuneration for directors should be equivalent to current market and their accountability.
8	Board has clear role and responsibility. The composition of the board must be meet company requirement. Separate role of chairman and CEO. The board that has cohesive relationships and trust with the management.	Rules and regulation, remuneration, individual backgrounds-must be competent or professional background	No. One example like PETRONAS. The success of PETRONAS has been resulted from well planning of the board and the top management. PETRONAS has very effective board with competent memberships, good chairman, well structured board.	We have less professional people on the board especially we still lack of professional accountant. The appointment of the board members is very diverse from one company to another. Some company has very well structure procedures, some has not. It is very subjective.	The government should establish one centre or organization which provide the database of professional individual who can be appointed to become company director.
9	1) Clear defined role and responsibilities between the board and the management 2) Competent board members - experience, high knowledge and skills in business 3) the board is well structured, proper committee & procedures	The board members - must have good relationships, cohesive to each other. A good chairman because the chairman will lead the board.	No. Because the board is the main decision makers. Good board is a good decision maker, always bring company to the top, inspire other people in the company.	Multiracial board. High government involvement - we have certain policies.	Corporate directorship training programme should become compulsory to every directors to enhances their current knowledge in corporate governance. However, the content programme should be relevant to current needs and situation
10	The board comprises of competent board members with mixture of backgrounds which match to each other. The board is well structured and organizes. All board members share the same vision towards for the better future of the company.	Cohesive board members. Law and regulations	Not sure - some board is not effective but company still perform better because of the CEO is good	Compensation is much lower. More male director. Clear background for example Chinese company dominate by Chinese directors, whereas GLCs dominate by Malay directors	No comment

## Data analysis sample: matrix

Directors' characteristics		Participants' responses																							
		Chairman										CEOs													
		1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10	11	12		
1	Experience in business and corporate management				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	
2	Possess relevant qualification	✓							✓		✓										✓			✓	
3	Possess relevant knowledge and skills	✓	✓		✓	✓	✓	✓		✓							✓				✓				
4	open minded		✓					✓					✓				✓								
5	Good networking with the government			✓									✓			✓								✓	
6	Positive thinking												✓						✓		✓				
7	Good relationship with the management and other board members				✓	✓	✓															✓			
8	Ambitious, motivation, energetic					✓							✓												
9	Committed & hardworking		✓		✓										✓						✓				
10	Integrity						✓										✓	✓			✓				
11	humble																✓								
12	Honest, sincere,																					✓		✓	

Directors' characteristics		Participants' responses																	
		Independent Directors											Others (Association, policy makers, Regulator)						
1	2	3	4	5	6	7	8	9	10	11	1	2	3	4	5	6	7	8	
1	Experience in business and corporate management		✓				✓	✓		✓		✓	✓	✓	✓			✓	✓
2	Possess relevant qualification	✓	✓									✓		✓	✓				
3	Possess relevant knowledge and skills						✓					✓		✓			✓	✓	
4	open minded					✓		✓		✓									
5	Good networking with the government									✓									
6	Positive thinking			✓															
7	Good relationship with the management and other board members		✓			✓													
8	Ambitious, motivation, energetic						✓			✓									
9	Committed & hardworking			✓				✓		✓	✓							✓	
10	Integrity	✓									✓								✓
11	humble						✓												
12	Honest, sincere,						✓											✓	

**Profile of directors of top 100 Malaysian PLCs**

No	Name	Company	Position	Gender	Race	Age	Qualification	Directorships	Year of experience	Note
1	Tan Sri Dato' Lau Yin Pin	STAR Publications Malaysia Berhad	Chairman	M	C	58	Commerce	2	10	
	"	YTL Power Berhad	Chairman							
2	Abdul farid Alias	Plus Expressway Berhad	NED	M	M	40	Accounting	2	0.2	
		UEM World Berhad	NED							
3	Abdul Hamid Ibrahim	Petronas Gas Berhad	NED	M	M	59	Engineering	1	8	
4	Abdul Rahman Abdul Ghani	Malaysia Airline System Berhad	NED (ID)	M	M	57	Art	1	6	
5	Abdul Rahman Ahmad	Malaysian Resources Corporation Berhad	CEO	M	M	39	Accounting	2	6	
	"	Media Prima Berhad	CEO							
6	Ahamad Mohamad	Kulim Malaysia Berhad	CEO	M	M	55	Economy	1	16	
7	Ahmad Abu Bakar	Tradewinds (M) Berhad	NED (ID)	M	M	52	Accounting	2	1	
	"	Tradewinds Plantation Berhad	NED (ID)							
8	Ahmad Haji Hashim	Telekom Malaysia Berhad	NED	M	M	55	Economy	2	5	
9	Ahmad Jauhari Yahya	MMC Corporation Berhad	CEO	M	M	53	Science	3	1	
10	Ahmad Nizam Salleh	Bintulu Port	NED	M	M	52	Business studies	1	1	
11	Ahmad Riza Basir	United Plantations Berhad	NED (ID)	M	M	47	Law	5	7	
12	Alain Crouy	Lafarge Malayan Cement Berhad	CEO	M	French	56	Engineering	1	3	
13	Albert Lan Yiong	EON Capital Berhad	CEO	M	C	NA	NA	1	NA	
14	Albert Y. Chao	Titan Chemicals Corporation Berhad	NED	M	M	58	Business studies	1	9	
15	Amiruddin Abd. Aziz	Time.Com Berhad	NED	M	M	48	Business studies	1	3	
16	Arve Johansen	Digi Com Berhad	Chairman	M	Norvein	56	Engineering	1	7	
17	Atushi Fujimoto	Oriental Holdings Berhad	NED	M	Japanese	46	Economy	1	1	
18	Au Yong Siew Fah	Hap Seng Plantation Holdings Berhad	ED	M	C	57	Agriculture	1	1	
19	Awang Bennie Awang Ali Basah	TA ANN Holdings Berhad	NED (ID)	M	M	48	Law	1	8	
20	Azian bt Mohd Nor	Time.Com Berhad	NED	F	M	55	Economy	1	1	
21	Azlan Abdullah	Banda Raya Developments Berhad	NED (ID)	M	M	50	Business studies	2	6	
22	Azmi Ismail	Kencana Petroleum Berhad	NED (ID)	M	M	46	Physic	1	1	
23	Bakry Hamzah	Tradewinds (M) Berhad	NED	M	M	50	Art	2	1	
	"	Tradewinds Plantation Berhad	NED							
24	Bernard Anthony	Astro All Asia Networks Be	NED (ID)	M	I	52	Accounting	1	4	
25	Boey Tak Kong	RB Land Berhad	NED (ID)	M	C	53	Accounting	4	7	
26	Brian Beek Neilson	United Plantations Berhad	ED	M	Danish	50	Physic	1	2	
27	Cezar Peralta Consing	Bumiputera Commerce Holdings	NED (ID)	M	I	48	Economy	1	1	
28	Chan Chen Leong	Wan Seong Corporation Berhad	CEO	M	C	58	Engineering	1	5	



29	Chan Foo Ann	IOI Corporation Berhad	NED (ID)	M	C	77	Agriculture	4	22	
30	Chan Hua Eng	Lafarge Malayan Cement Berhad	NED (ID)	M	C	79	Law	3	28	
31	Chan Kein Sing	Berjaya Corporation Berhad	ED	M	C	51	Accounting	5	15	
	"	Berjaya Sport & Toto Berhad	ED							
32	Chan Kok Leong	E & O Property Development Berhad	NED	M	C	37	Business studies	2	1	
33	Chan Yew Kai	Dialog Group Berhad	CEO	M	C	53	Engineering	1	2	
34	Chang Khim Wah	Setia Berhad	Exec. Director	M	C	43	Engineering	1	1	
35	Charles henry Ireland	Guinness Anchor Berhad	CEO	M	British	42	Business studies	1	1	
36	Charles Tan Poh Tei	Lafarge Malayan Cement Berhad	NED (ID)	M	C	69	Accounting	1	5	
37	Cheah Hon Kuen	WCT Engineering Berhad	NED (ID)	M	C	57	Science	1	13	
38	Chean Tek Kuang	Bursa Malaysia Berhad	NED	M	C	60	Economy	5	3	
39	Cheng Sin Yeng	Pakson Berhad	NED	M	C	55	Accounting	1	6	
40	Cheng Yong Kwang	Lion Diversified Holdings Berhad	NED	M	Singaporean	51	Accounting	1	13	
41	Chew Eng Kar	Dialog Group Berhad	NED	M	C	48	Accounting	1	9	
42	Chew Fook Sin	KNM Group Berhad	NED	M	C	52	Engineering	1	4	
43	Chew Hoy Ping	Mulpha International Berhad	NED (ID)	M	C	51	Accounting	1	1	
44	Chin Kwai Yoong	Astro All Asia Networks Be	NED (ID)	M	C	58	Accounting	1	1	
45	Chin Yong Chong	Guinness Anchor Berhad	NED (ID)	M	C	74	Law	1	12	
46	Choe Kai Keong	WCT Engineering Berhad	ED	M	C	57	Engineering	1	7	
47	Chong Hin Loon	Kencana Petroleum Berhad	Dep. Chairman	M	C	59	Business studies	1	2	
48	Choo Tak Won	WCT Engineering Berhad	NED (ID)	M	C	51	Accounting	1	8	
49	Christopher Kok Swee Kiat	TA Enterprise Berhad	NED (ID)	M	C	40	Law	1	1	
50	Chuah Seong Tat	Tradewinds (M) Berhad	NED	M	C	56	Business studies	1	1	
	"	Tradewinds Plantation Berhad	NED							
51	Chuan Siow Leng	WCT Engineering Berhad	Exec. Director	M	C	58	Accounting	1	21	
52	Chung Tze Hian	Mulpha International Berhad	CEO	M	C	57	Commerce	3	6	
53	Conar Mc Marthy	Airasia Berhad	NED	M	Irish	46	Engineering	1	3	
54	Datin Dr. Umikalsum bt Mohd. Noh	EON Capital Berhad	NED	F	M	61	Economy	1	5	Retired government officer
55	Datin Linda Ngiam	STAR Publications Malaysia Berhad	ED	F	C	52	Art	1	1	
56	Datin Paduka Siti Sa'adiah Sh Bakir	Kulim Malaysia Berhad	NED	F	M	55	Economy	1	2	Retired government officer
	"	Bursa Malaysia Berhad	NED (ID)							
57	Datin Tan Kuay Fong	TA Enterprise Berhad	CEO	F	C	57	Economy	1	17	
58	Dato' Mohad. Shukri	Bumiputera Commerce Holdings	NED	M	M	53	Economy	3	0.3	
59	Dato' Ab. Halim bin Mohyidin	Digi Com Berhad	NED (ID)	M	M	62	Accounting	10	4	
	"	KNM Group Berhad	NED (ID)							
60	Dato' Abd. Hamil Harun	UMW Holdings Berhad	CEO	M	M	57	Business studies	1	17	
61	Dato' Abdel Aziz Abu Bakar	Airasia Berhad	NED	M	M	55	Agriculture	1	2	

62	Dato' Abdul Kadir Mohd Deen	Media Prima Berhad	NED (ID)	M	M	64	Art	1	1	
63	Dato' Abdul Latif Abdullah	Bursa Malaysia Berhad	NED	M	M	57	International Relation	3	3	
64	Dato' Abdul Mutalib Mohamad Razak	Media Prima Berhad	Chairman	M	M	65	Law	1	4	
65	Dato' Abdul Wahid Omar	Bursa Malaysia Berhad	NED (ID)	M	M	43	Accounting	2	3	
	"	Telekom Malaysia Berhad	CEO							
66	Dato' Abdullah Mohd. Yusoff	AEON Co. (M) Berhad	Chairman	M	M	68	Law	4	23	Retired government officer
	"	MMC Corporation Berhad	NED (ID)							
	"	Tradewinds Corporation Berhad	NED (ID)							
	"	Zelan Berhad	NED (ID)							
67	Dato' Ahmad Fuaad Mohd. Dahalan	Airport Holdings Berhad	NED	M	M	57	Art	1	2	
68	Dato' Ahmad Haji Hashim	Proton Holdings Berhad	NED	M	M	55	Economy	2	1	Retired government officer
69	Dato' Ahmad Ibinahar	Malaysian Resources Corporation Berhad	NED (ID)	M	M	58	Economy	1	7	
70	Dato' Ahmad Pargas	Plus Expressway Berhad	Dep. Chairman	M	M	55	Accounting	6	3	
	"	UEM World Berhad	CEO							
71	Dato' Ahmad Sufian	Malaysian Bulk Carriers Berhad	NED (ID)	M	M	56	Marine Science	3	11	Retired government officer
	"	WCT Engineering Berhad	Chairman							
72	Dato' Ahmad Zubair @ Ahmad Zubir Haji Murshed	Sime Darby Berhad	CEO	M	M	50	Engineering	7	3	
73	Dato' Anthony Francis Fernandes	Airasia Berhad	CEO	M	Irish	42	Accounting	1	6	
74	Dato' Anwaridin Ahmad Osman	Fraser & Neave Holdings Berhad	NED (ID)	M	M	64	Art	1	2	
75	Dato' Azlan Hashim	AMMB Holdings Berhad	NED	M	M	65	Accounting	6	15	
76	Dato' Azlan Meah Ahmad Mead	Berjaya Corporation Berhad	Exec. Director	M	M	51	Business studies	2	2	
77	Dato' Azman Mokhtar	Telekom Malaysia Berhad	NED	M	M	47	Accounting	6	3	
	"	UEM World Berhad	NED							
78	Dato' Baharuddin Musa	Tradewinds Corporation Berhad	NED (ID)	M	M	68	Art	4	4	
79	Dato' Bashir Ahmad	Airport Holdings Berhad	CEO	M	M	58	Art	1	4	
80	Dato' Carl Bek-Nielson	United Plantations Berhad	ED	M	Danish	37	Agriculture	1	7	
81	Dato' Chan Choon Ngai	British American Tobacco (M)	NED (ID)	M	C	52	Engineering	1	12	
82	Dato' Che Khalib Mohamad Noh	Tenaga Nasional Berhad	CEO	M	M	42	Accounting	3	3	
83	Dato' Cheong Keap Tai	YTL Berhad	NED (ID)	M	C	59	Accounting	2	3	
84	Dato' Chew Kong Seng	AEON Co. (M) Berhad	NED (ID)	M	C	69	Accounting	3	15	
	"	Guocoland (Malaysia) Berhad	NED (ID)							
	"	Petronas Dagang Berhad	NED (ID)							
85	Dato' David Frederick Wilson	IJM Corporation Berhad	NED	M	British	64	Engineering	1	1	
86	Dato' Dr. Abdul Rahim Haji Daud	Telekom Malaysia Berhad	NED (ID)	M	M	58	Engineering	1	9	
87	Dato' Dr. Ariff Aton	Titan Chemicals Corporation Berhad	NED	M	M	62	Engineering	1	8	Retired government officer

88	Dato' Dr. Arshad Hashim	Bintulu Port	NED (ID)	M	M	59	Art	2	2	Retired government officer
89	Dato' Dr. Bik Norzul Thani	Fraser & Neave Holdings Berhad	NED	M	M	47	Law	1	1	
90	Dato' Dr. Lee Miang Koi	Puncak Niaga Holdings Berhad	NED	M	C	54	Engineering	1	8	
91	Dato' Dr. Megat Abdul Rahman Megat Ahmad	Boustead Corporation Berhad	NED (ID)	M	M	66	Commerce	6	17	Retired government officer
	"	IJM Corporation Berhad	NED							
	"	Zelan Berhad	NED (ID)							
92	Dato' Dr. Mohamed Ishak b. Mohamed Ariff	Public Bank Berhad	NED (ID)	M	M	72	Architecture	3	6	
93	Dato' Dr. Mohd. Aminuddin Mohd. Rouse	STAR Publications Malaysia Berhad	NED (ID)	M	M	62	Science	2	10	Retired government officer
94	Dato' Dr. Mohd. Munir Abdul Majid	Malaysia Airline System Berhad	Chairman	M	M	60	Economy	2	3	Retired government officer
95	Dato' Dr. Mohd. Shahar Sidek	Fraser & Neave Holdings Berhad	NED	M	M	60	Economy	1	4	Retired government officer
96	Dato' Dr. Mohd. Shahari Ahmad	EON Capital Berhad	NED (ID)	M	M	71	Art	6	4	Retired government officer
	"	Malaysian Resources Corporation Berhad	NED (ID)							
	"	Media Prima Berhad	NED (ID)							
97	Dato' Dr. R. Thillainathan	Bursa Malaysia Berhad	NED	M	I	63	Economy	2	4	
	"	Genting Berhad	NED							
	"	Petronas Dagang Berhad	NED							
98	Dato' Dr. Radzuan A. Rahman	Kulim Malaysia Berhad	NED (ID)	M	M	64	Agriculture	2	1	Retired government officer
99	Dato' Dr. Rahman Ismail	Puncak Niaga Holdings Berhad	NED (ID)	M	M	49	Medicine	1	2	
100	Dato' Dr. Tan Ching Siang	Oriental Holdings Berhad	NED	M	C	67	Medicine	1	12	
101	Dato' Dr. Tan Tat Wai	Titan Chemicals Corporation Berhad	NED (ID)	M	C	61	Economy	1	16	
102	Dato' Dr. Wan Abdul Aziz	Malaysia Airline System Berhad	NED	M	M	55	Economy	3	1	Retired government officer
	"	MISC	NED (ID)							
103	Dato' Dr. Wan Muhamad Wan Ibrahi,	Time.Com Berhad	Chairman	M	M	60	Engineering	1	6	Retired government officer
104	Dato' Dr. Yahya bin Ismai	YTL Berhad	NED (ID)	M	M	79	Veterinary Science	4	11	Retired government officer
	"	YTL Power Berhad	NED (ID)							
105	Dato' Faisal Siraj	RHB Capital Berhad	NED (ID)	M	M	62	Accounting	3	1	
106	Dato' Fauziah Ismail	Sapuracrest Petroleum Berhad	NED (ID)	F	M	65	Art	3	6	Retired government officer
107	Dato' Francis Ng Sooi Loh	Berjaya Land Development Berhad	CEO	M	C	51	Engineering	2	4	
108	Dato' Frits Wout Marie van Dijk	NESTLE Malaysia Berhad	NED	M	Dutch	60	Economy	1	1	
109	Dato' Fuad Jaafar	Tenaga Nasional Berhad	NED (ID)	M	M	64	Technology	1	1	
110	Dato' Ghazali Ali	Boustead Corporation Berhad	NED		M	59	Regional Planning	1	1	
111	Dato' Goh Chye Koon	IJM Plantation Berhad	NED	M	C	58	Engineering	1	7	

	"	IJM Corporation Berhad	Exec. Director							
112	Dato' Haji Abdul Aziz Omar	LPI Capital Berhad	NED (ID)	M	M	60	Accounting	4	6	
	"	Public Bank Berhad	NED (ID)							
113	Dato' Haji Badri Haji Masri	Astro All Asia Networks Be	Chairman	M	M	63	Art	3	5	Retired government officer
114	Dato' Haji Darwis Mohd. Said	UMW Holdings Berhad	NED	M	M	67	Accounting	1	3	
115	Dato' Haji Idris Haji Buang	Sarawak Electricity Berhad	NED (ID)	M	M	54	Law	2	7	
116	Dato' Haji Kamaruzaman Zainal	Media Prima Berhad	NED	M	M	51	Business studies	1	1	Retired government officer
117	Dato' Haji Zakaria Zhamsuddin	IOI Property Berhad	NED (ID)	M	M	67	Art	1	6	Retired government officer
118	Dato' Halipah Binti Esa	KLCC Property Holdings Berhad	NED (ID)	F	M	57	Economy	2	3	Retired government officer
	"	MISC	NED (ID)							
119	Dato' Hamzah Bakar	Bumiputera Commerce Holdings	NED (ID)	M	M	56	Marine Science	3	11	Retired government officer
	"	Sapuracrest Petroleum Berhad	Chairman							
120	Dato Haron Siraj	Kulim Malaysia Berhad	NED (ID)	M	M	53	Economy	2	1	
121	Dato' Hassan Abdul Mutalip	Pakson Berhad	NED (ID)	M	M	62	Police Science	1	6	Retired government officer
122	Dato' Hj. Abdul Rahim Haji Abdul	YTL Cement Berhad	NED	M	M	58	Art	1	3	Retired government officer
123	Dato' Hj. Abdul Shukor Jaafar	YTL Cement Berhad	NED (ID)	M	M	65	Defense studies	1	10	Retired government officer
124	Dato' Hj. Kamaruzzaman Mohamed	Hong Leong Finance Group Berhad	NED (ID)	M	M	77	Public Admin.	1	26	Ex- Government Officer
125	Dato' Hj. Mohd. Khamil Jamil	DRB Hicom Berhad	CEO	M	M	51	Law	4	2	
126	Dato' Hj.Md. Yusoff	Berjaya Corporation Berhad	NED (ID)	M	M	60	Social Science	1	2	Retired government officer
127	Dato' Ir Chew Swee Hock	Linkaran Trans Kota Holdings Berhad	NED (ID)	M	C	64	Engineering	1	11	
128	Dato' Ir Haji Azmi Mat Nor	Gamuda Berhad	NED	M	M	49	Engineering	3	6	Retired government officer
	"	Linkaran Trans Kota Holdings Berhad	NED							
129	Dato' Ir Kamarul Zaman Mohd. Ali	Gamuda Berhad	NED (ID)	M	M	71	Engineering	1	17	
130	Dato' Ir Law Keng Kok	RB Land Berhad	NED	M	C	53	Engineering	1	3	
131	Dato' Ir. Abdul Rahim	UEM World Berhad	NED (ID)	M	M	62	Engineering	2	1	Retired government officer
132	Dato' Ir. Soam Heng Choon	RB Land Berhad	CEO	M	C	48	Engineering	2	3	
133	Dato' Iris Jala @ Idris Jala	Malaysia Airline System Berhad	CEO	M	B	49	Social Science	1	2	
134	Dato' Ismail Baharudin	IJM Corporation Berhad	NED	M	M	56	Economy	6	10	
135	Dato' Izham Mahmud	Aminvestment Group Berhad	NED (ID)	M	M	66	Economy	3	4	
	"	AMMB Holdings Berhad	NED (ID)							
136	Dato' Jaafar Indot	Guinness Anchor Berhad	NED (ID)	M	M	73	Business studies	4	26	
	"	Shell Refining Company Malaysia Berhad	NED (ID)							

137	Dato' Jaganathan Derek Steven	Banda Raya Developments Berhad	CEO	M	I	51	Finance	1	8	
138	Dato' Johari Mohamed	Kulim Malaysia Berhad	NED (ID)	M	M	58	Engineering	1	14	Retired government officer
139	Dato' Jorgan Bornhoff	Hap Seng Plantation Holdings Berhad	NED (ID)	M	Danish	66	Accounting	1	1	
	"	Hap Seng ConsolINED (ID)ated Berhad	Chairman							
140	Dato' Kalsom Abd. Rahman	MISC	NED (ID)	F	M	58	Economy	2	3	Retired government officer
141	Dato' Kamaruddin bin Mohd. Jamal	Petronas Dagang Berhad	NED (ID)	M	M	64	Business studies	1	5	
142	Dato' Larry Gan Nyap @ Gan Nyap Liow	Aminvestment Group Berhad	NED (ID)	M	C	52	Accounting	1	13	
	"	Tanjong Berhad	NED (ID)							
143	Dato' Lee Hau Hian	Batu Kawan Berhad	NED	M	C	54	Economy	3	14	
	"	Kuala Lumpur Kepong Berhad	NED							
144	Dato' Lee Kong Lam	Public Bank Berhad	Exec. Director	M	C	66	Accounting	6	6	
145	Dato' Lee Soon Hian	Batu Kawan Berhad	NED	M	C	50	No Record	1	9	
146	Dato' Lee Yee Cheong	UMW Holdings Berhad	NED (ID)	M	C	71	Engineering	1	6	
147	Dato' Lee Yeow Chor	IOI Corporation Berhad	Exec. Director	M	C	41	Law	1	11	
	"	IOI Property Berhad	Exec. Director							
148	Dato' Leong Au Hin	KLCC Property Holdings Berhad	NED (ID)	M	C	60	Economy	2	3	
149	Dato' Leong Khue Seang	Airasia Berhad	NED (ID)	M	C	69	Engineering	3	2	
150	Dato' Lim Chee Wah	Malaysian Bulk Carriers Berhad	NED	M	C	68	Economy	6	19	
	"	PPB Group Berhad	Deputy Chairman							
151	Dato' Lim Kheng Guan	Telekom Malaysia Berhad	NED (ID)	M	C	64	Accounting	1	6	
152	Dato' Lim Say Chong	Mulpha International Berhad	NED (ID)	M	C	67	Economy	3	1	
153	Dato' Lim Su Tong	Oriental Holdings Berhad	NED	M	C	63	Art	1	33	
154	Dato' Lin Yun Ling	Gamuda Berhad	CEO							
	"	Linkaran Trans Kota Holdings Berhad	NED (ID)	M	C	52	Engineering	2	33	
155	Dato' Ling Keak Ming	Magnum Corporation Berhad	NED (ID)	M	C	50	No Record	1	7	
156	Dato' Loh Cheng Yean	Oriental Holdings Berhad	Chairman	M	C	64	No Record	1	20	
157	Dato' Loh Say Bee	Oriental Holdings Berhad	NED (ID)	M	C	83	No Record	1	43	
158	Dato' Mark Yeok Seak	YTL Berhad	NED	M	C	42	Law	3	12	
	"	YTL Cement Berhad	NED							
	"	YTL Power Berhad	NED							
159	Dato' Matlasa Hitam	Puncak Niaga Holdings Berhad	CEO	M	M	68	Business studies	1	4	
160	Dato' Micheal Lim Heen Peok	Proton Holdings Berhad	NED (ID)	M	C	59	Engineering	2	1	
161	Dato' Micheal Yeon	YTL Berhad	NED	M	C	47	Engineering	3	22	
	"	YTL Cement Berhad	NED							
	"	YTL Power Berhad	NED							
162	Dato' Mohamad Norza Zakaria	Bintulu Port	NED	M	M	41	Accounting	1	2	Government Officer

163	Dato' Mohamad tarmizi Mohd Tahir	OSK Holdings Berhad	NED (ID)	M	M	71	Art	1		
164	Dato' Mohamed Abiat	TA Enterprise Berhad	Exec. Director	M	M	65	Business studies	1	13	
165	Dato' Mohamed Idris Saman	AEON Co. (M) Berhad	NED (ID)	M	M	63	Defense studies Studies	1	7	Retired government officer
166	Dato' Mohamed Khadar Merican	Airasia Berhad	NED (ID)	M	M	51	Accounting	2	2	Retired government officer
	"	Astro All Asia Networks Be	NED (ID)							
	"	RHB Capital Berhad	NED (ID)							
167	Dato' Mohamed Moiz b. Ali Moiz	Banda Raya Developments Berhad	Chairman	M	M	47	Business studies	1	7	
168	Dato' Mohamed Zakri Abdul Rashed	Dialog Group Berhad	NED (ID)	M	M	65	Art	1	8	
169	Dato' Mohammad Idris Mansor	KNM Group Berhad	Chairman	M	M	63	Mining Science	2	1	
170	Dato' Mohammed Azlan Hashim	Proton Holdings Berhad	Chairman	M	M	50	Economy	5	3	
171	Dato' Mohammed Azman Yahya	Malaysia Airline System Berhad	NED	M	M	44	Economy	5	6	
	"	Plus Expressway Berhad	NED							
172	Dato' Mohammed Hussein	Malayan Banking Berhad	NED	M	M	56	Accounting	3	6	
173	Dato' Mohd Zahid Ibrahim	Tenaga Nasional Berhad	NED	M	M	56	Law	1		
174	Dato' Mohd. Izzadin Idris	Proton Holdings Berhad	NED	M	M	45	Commerce	1	1	
175	Dato' Mohd. Salleh Harun	Titan Chemicals Corporation Berhad	NED (ID)	M	M	63	Accounting	1	3	Retired government officer
176	Dato' Mohzani Wahab	Shell Refining Company Malaysia Berhad	NED (ID)	M	M	54	Economy	1	6	
177	Dato' Mokhzani Mahathir	Kencana Petroleum Berhad	Exec. Chairman	M	M	46	Engineering	1	3	
178	Dato' Muhamad Sulaiman	Sime Darby Berhad	NED (ID)	M	M	69	Account	2	23	
179	Dato' Murad Mohammed	Lion Diversified Holdings Berhad	NED (ID)	M	M	74	Art	2	18	Retired government officer
	"	Pakson Berhad	NED (ID)							
180	Dato' Mustafa b. Mohd. Ali	Affin Holdings Berhad	NED (ID)	M	C	70	Economy	1	5	
	"	Batu Kawan Berhad	NED							
181	Dato' N. Sadasivan	Petronas Gas Berhad	NED (ID)	M	I	67	Economy	7	12	
	"	Malaysia Airline System Berhad	NED (ID)							
182	Dato' Nazir Razak	Bumiputera Commerce Holdings	CEO	M	M	41	Science	1	11	
183	Dato' Nik Mohamed Din bin Datuk Nik Yusoff	OSK Holdings Berhad	Exec. Chairman	M	M	64	Law	4	15	
184	Dato' Noorizan Shafei	DRB Hicom Berhad	NED	F	M	51	Economy	1	1	Government Officer
185	Dato' Nordin baharuddin	Sarawak Electricity Berhad	NED (ID)	M	M	58	Accounting	3	2	
186	Dato' Oh Chong Peng	Alliance Finance Group Berhad	Chairman	M	C	63	Accounting	4	5	
	"	IJM Corporation Berhad	NED (ID)							
	"	IJM Plantation Berhad	NED (ID)							
187	Dato' Ong Joo Theam	Guocoland (Malaysia) Berhad	NED	M	C	58	Law	1	26	
188	Dato' Paduka Nik Hashim Nik Yusoff	Genting Berhad	NED (ID)	M	M	70	Art	2	28	

189	Dato' Pahamin Rejab	Airasia Berhad	Chairman	M	M	60	Law	2	6	Retired government officer
190	Dato' Prof. Dr. Tunku Ismail bin Tunku Mohammad Jawa	Oriental Holdings Berhad	NED (ID)	M	M	71	Business studies	1	6	Retired government officer
191	Dato' Putih Rokiah Abd. Majis	Malaysia Airline System Berhad	NED	F	M	54	Economy	2	1	Government Officer
	"	Tenaga Nasional Berhad	NED							
192	Dato' Richard Ho Ung Hun	Malayan Banking Berhad	NED (ID)	M	C	80	Law	2	24	Ex. Cabinet Minister
193	Dato' Robert Chan Woot Knoon	Mulpha International Berhad	NED	M	C	69	No Record	1	8	
194	Dato' Robert Cheim Dau Meng	Bumiputera Commerce Holdings	NED	M	C	56	Accounting	1	1	
		Tanjong Berhad	Chairman							
195	Dato' Robin Tan Yeong Chin	Berjaya Corporation Berhad	NED	M	C	33	Accounting	7	9	
	"	Berjaya Land Development Berhad	NED							
	"	Berjaya Sport & Toto Berhad	CEO							
196	Dato' Ruslan Hassan	Puncak Niaga Holdings Berhad	NED	M	M	52	Law	2	11	
197	Dato' Saw Choo Boon	Shell Refining Company Malaysia Berhad	Chairman	M	C	61	Chemistry	1	1	
198	Dato' Seri Ahmad Ramil Hj. Md Nor	Bousted Heavy Industry Corporation Berhad	CEO	M	M	64	Business studies	4	3	
199	Dato' Seri Hwang Sing	Bursa Malaysia Berhad	NED (ID)	M	C	79	Finance	3	3	
200	Dato' Seri Lee Oi Han	Batu Kawan Berhad	Chairman/CEO	M	C	56	Agriculture	1	22	
	"	Kuala Lumpur Kepong Berhad	Chairman/CEO							
201	Dato' Seri Megat Najmuddin B. Datuk Seri Haji Megat Khas	Dialog Group Berhad	NED (ID)	M	M	63	Law	4	5	
		Tradewinds Corporation Berhad	Chairman							
202	Dato' Seri Mohamad Jawhar	Media Prima Berhad	NED (ID)	M	M	63	Art	1	1	
203	Dato' Shafei Salleh	Titan Chemicals Corporation Berhad	NED (ID)	M	M	62	Art	1	1	Ex. Cabinet Minister
204	Dato' Shaik Daud Mohd. Ismail	Time.Com Berhad	NED (ID)	M	M	72	Law	1	3	Retired government officer
205	Dato' Shamsuddin Md. Dubi	RB Land Berhad	Chairman	M	M	62	Public Admin	2	7	Retired government officer
206	Dato' Shamsul Azhar bin Abbas	Bintulu Port	NED	M	M	55	Political Science	2	3	
	"	MISC	CEO							
207	Dato' Sri Ahmad Farid Ridzwan	Media Prima Berhad	NED	M	M	47	Communication	1	1	Retired government officer
208	Dato' Sri Liang Kim Bang	MISC	NED (ID)	M	C	70	Art	2	32	
	"	PPB Group Berhad	NED (ID)							
209	Dato' Sri Teng Ah Lek	Public Bank Berhad	CEO	M	C	47	Accounting	4	10	
210	Dato' Surin Upatkoorn	Magnum Corporation Berhad	Chairman	M	Thai	54	Business studies	5	7	
	"	Multi-Purpose Holdings Berhad	CEO							
211	Dato' Syed Danial Syed Ariffin	Puncak Niaga Holdings Berhad	COO	M	M	50	Engineering	1	3	
212	Dato' Syed Mohamed Syed Murtaza	DRB Hicom Berhad	NED (ID)	M	M	59	Business studies	2	2	
213	Dato' Syed Zainal Abidin b. Syed Mohamed Tahir	Proton Holdings Berhad	CEO	M	M	45	Engineering	1	1	

214	Dato' Tajuddin Atan	Malaysian Bulk Carriers Berhad	NED (ID)	M	M	56	Agribusiness	2	1	
215	Dato' Talhat Hussain	Shell Refining Company Malaysia Berhad	NED (ID)	M	M	53	Political Sc.	2	1	Retired government officer
216	Dato' Tan Boon Seng	IJM Corporation Berhad	CEO	M	C	55	Accounting	2	23	
	"	IJM Plantation Berhad	NED							
217	Dato' Tham Ka Hoon	E & O Property Development Berhad	Chairman/CEO	M	C	54	No record	1	8	
218	Dato' Thomas Mun Leong Lee	Alliance Finance Group Berhad	CEO	M	C	70	Law	5	12	
	"	UMW Holdings Berhad	NED							
219	Dato' Voon Tin Yow	Setia Berhad	Exec. Director	M	C	50	Engineering	2	12	
220	Dato' Wira Syed Abdul Jabbar Syed Hassan	MMC Corporation Berhad	Chairman	M	M	68	Economy	4	11	
	"	STAR Publications Malaysia Berhad	NED (ID)							
	"	Tradewinds Plantation Berhad	Chairman							
221	Dato' Wong Kuo Hea	TA ANN Holdings Berhad	CEO	M	C	56	No Recors	1	8	
222	Dato' Wong Lum Kong	Oriental Holdings Berhad	CEO	M	C	67	Accounting	1	31	
223	Dato' Wong Puan Wan	Bursa Malaysia Berhad	NED (ID)	M	C	60	Economy	2	3	
	"	Multi-Purpose Holdings Berhad	NED (ID)							
224	Dato' Yeo How	IOI Corporation Berhad	Exec. Director	M	C	51	Accounting	1	16	
	"	IOI Property Berhad	Exec. Director							
225	Dato' Yeoh Chin Kee	LPI Capital Berhad	NED (ID)	M	C	65	Finance	4	29	
	"	Public Bank Berhad	NED (ID)							
226	Dato' Yeoh Soo Min	YTL Berhad	NED	F	C	51	Accounting	2	23	
	"	YTL Power Berhad	NED							
227	Dato' Yeok Seok Kian	YTL Berhad	Exec. Director	M	C	50	Science	3	20	
	"	YTL Cement Berhad	Deputy MD							
	"	YTL Power Berhad	ED							
228	Dato' Yeon Seok Hong	YTL Berhad	NED	M	C	48	Engineering	3	23	
	"	YTL Cement Berhad	NED							
	"	YTL Power Berhad	NED							
229	Dato' Yeon Soo Keng	YTL Cement Berhad	Exec. Director	F	C	44	Engineering	2	23	
230	Dato' Yogalingham	YTL Cement Berhad	NED (ID)	M	I	62	Art	1	3	
231	Dato' Yusli Mohamad Yusoff	Bursa Malaysia Berhad	CEO	M	M	49	Accounting	1	3	
232	Dato' Yusoff Din	Boustead Corporation Berhad	NED (ID)		M	77	Defense studies	1	18	Retired government officer
233	Dato' Zaharaah Shaari	Airport Holdings Berhad	NED	F	M	58	Art	1	8	Retired government officer
	"	Malaysia Airline System Berhad	NED							
234	Dato' Zainal Abidin Bin Putih	Tenaga Nasional Berhad	NED (ID)	M	M	61	Accounting	6	4	
235	Dato' Zainal Abidin bin Putih	Bumiputera Commerce Holdings	NED (ID)	M	M	62	Accounting	5	4	
236	Dato' Zawawi Mahmud	AEON Co. (M) Berhad	NED (ID)	M	M	62	Art	1	6	Retired government officer



237	Datu Haji Abang Halmi Ikhwan	Bintulu Port	NED (ID)	M	M	59	Economy	1	3	
238	Datu Wilson Baya Dandot	Sarawak Electricity Berhad	NED	M	B	56	Economy	1	11	Retired government officer
239	Datuk Haji Yusoff Haji Mohamed Kassim	Malaysia Airline System Berhad	NED (ID)	M	M	58	Economy	1	1	
240	Datuk Abang Haji Abdul Karim	TA ANN Holdings Berhad	NED (ID)	M	M	61	Economy	1	8	
241	Datuk Abdul Habib Mansur	IGB Corporation Berhad	NED	M	M	64	Art	1	4	Retired government officer
242	Datuk Abdul Hamed bin Sepawi	Sarawak Electricity Berhad	Chairman	M	M	59	Science	3	8	Retired government officer
	"	TA ANN Holdings Berhad	Chairman							
243	Datuk Abdul Rahim Hashim	Petronas Gas Berhad	NED	M	M	53	Science	1	5	
244	Datuk Abdul Rahman bin Mohd. Ramli	DRB Hicom Berhad	NED (ID)	M	M	70	Accounting	5	2	
	"	Kuala Lumpur Kepong Berhad	NED (ID)							
	"	Malayan Banking Berhad	NED							
245	Datuk Ahmad Zaki Zahid	Malaysian Resources Corporation Berhad	NED (ID)	M	M	37	Law	1	2	
246	Datuk Ainon Marziah bt Wahi	Petronas Dagang Berhad	NED (ID)	F	M	56	Art	1	5	
247	Datuk Alias Ali	Airasia Berhad	NED (ID)	M	M	60	Economy	2	3	
248	Datuk Alias Haji Ahmad	Airport Holdings Berhad	NED (ID)	M	M	60	Economy	1	4	Retired government officer
249	Datuk Amar Haji Abdul Aziz Dato' Haji Hussain	Sarawak Electricity Berhad	CEO	M	M	57	Economy	4	2	Retired government officer
250	Datuk Amar Wilson Baya Dandot	Malaysia Airline System Berhad	NED (ID)	M	B	56	Economy	1	1	
251	Datuk Amirsham A Aziz	Malayan Banking Berhad	CEO	M	M	57	Finance	4	14	
252	Datuk Anuar bin Ahmad	Petronas Dagang Berhad	Chairman	M	M	53	Economy	1	12	
253	Datuk Azlan Zainol	Malaysian Resources Corporation Berhad	Chairman	M	M	58	Accounting	5	2	Retired government officer
	"	RHB Capital Berhad	Chairman							
254	Datuk Azman A. Rashed	Bursa Malaysia Berhad	NED	M	M	59	Economy	1	3	
255	Datuk Azzat Kamaludin	Affin Holdings Berhad	NED (ID)	M	M	62	Law	6	16	Retired government officer
	"	Boustead Corporation Berhad	NED							
	"	Boustead Heavy Industry Corporation Berhad	NED							
256	Datuk Briget Lai	Alliance Finance Group Berhad	NED	F	C	53	Business studies	2	1	
257	Datuk Cheng Yong Kim	Lion Diversified Holdings Berhad	CEO	M	Singaporean	57	Business studies	2	1	
258	Datuk Dr. Hussein Awang	Hong Leong Bank Berhad	NED (ID)	M	M	67	Medicine	4	13	
259	Datuk Dr. Nik Mohd Zain Nik Yusoff	E & O Property Development Berhad	NED (ID)	M	M	60	Art	2	4	
260	Datuk Dr. Syed Muhamad Syed Abdul Kadir	Bumiputera Commerce Holdings	NED (ID)	M	M	61	Business studiesistration	4	1	
261	Datuk Faisyal Yusoff	Bursa Malaysia Berhad	NED	M	M	45	Economy	1	3	
262	Datuk Fong Joo Chung	Bintulu Port	NED	M	C	58	Law	3	11	
	"	Sarawak Electricity Berhad	NED							

263	Datuk Fong Weng Phak	Fraser & Neave Holdings Berhad	NED	M	C	66	Economy	6	7	
264	Datuk Haji Mohamad Morshed Abdul Ghani	Malaysia Airline System Berhad	NED (ID)	M	M	51	Economy	1	0.1	
265	Datuk Haji Mohd. Khalil b. Dato' Haji Mohd Nor	IOI Corporation Berhad	NED (ID)	M	M	66	Economy	4	6	Ex. Government Officer
266	Datuk Harun bin Din	PPB Group Berhad	NED (ID)	M	M	73	Art	1	2	
267	Datuk Hashim Ismail	Bintulu Port	NED (ID)	M	M	62	Art	1	2	
268	Datuk Henry Chin Pow Wu	Magnum Corporation Berhad	NED (ID)	M	C	64	Defense studies	6	7	Retired government officer
	"	Hap Seng ConsolNED (ID)ated Berhad	Dep.Chairman							
269	Datuk Ismail Mansor Said	Lion Diversified Holdings Berhad	NED (ID)	M	M	58	Economy	1	12	Retired government officer
270	Datuk James Y. Chao	Titan Chemicals Corporation Berhad	Chairman	M	C	60	Science	1	16	
271	Datuk Jur Jazlan Tan Sri Mohamed	Telekom Malaysia Berhad	NED (ID)	M	M	42	Accounting	5	3	
272	Datuk K. Ravindran	Plus Expressway Berhad	NED (ID)	M	I	50	Science	1	5	
273	Datuk Kamaruddin Meranum	Airasia Berhad	NED	M	M	47	Actuary Science	1	3	
274	Datuk Kamaruddin Mohamed	YTL Cement Berhad	NED	M	M	58	Business studies	1	3	Retired government officer
275	Datuk Khatijah Ahmad	Sime Darby Berhad	NED (ID)	F	M	67	Economy	3	11	
276	Datuk Lee Teck Yuan	RB Land Berhad	Ex. V.Chairman	M	C	51	Engineering	5	1	
	"	IJM Corporation Berhad	NED							
277	Datuk Leong Tang Chong	STAR Publications Malaysia Berhad	NED	M	C	64	Education	1	12	
278	Datuk Maizan Shaari	Berjaya Land Development Berhad	NED (ID)	M	M	60	Art	1	3	
279	Datuk Mohamed Nazim b. Abdul Razak	Hong Leong Bank Berhad	NED (ID)	M	M	45	Architecture	3	4	
280	Datuk Mohd. Syed Shail Osman	MMC Corporation Berhad	NED	M	M	59	Science	1	4	Retired government officer
281	Datuk Mohd. Zain Abdul Majid	Petronas Gas Berhad	NED (ID)	M	M	68	Economy	1	5	
282	Datuk Nasaruddin Md Idrris	MISC	NED	M	M	52	Business studiesistration	1	3	
283	Datuk Nasarudin Md Idris	KLCC Property Holdings Berhad	CEO	M	M	52	Art	2	3	
284	Datuk Oh Chong Peng	British American Tobacco (M)	NED (ID)	M	C	63	Accounting	2	20	
	"	STAR Publications Malaysia Berhad	NED (ID)							
285	Datuk Oh Siew Nam	PPB Group Berhad	Chairman							
286	Datuk Panglima Mohd. Annuar Zaini	Berjaya Corporation Berhad	NED (ID)	M	M	57	Economy	4	2	Retired government officer
	"	Malaysia Airline System Berhad	NED (ID)							
287	Datuk Rajasingam a/l Mayilvaganam	PPB Group Berhad	NED (ID)	M	I	65	Engineering	1	2	
288	Datuk Ramli Ibrahim	AEON Co. (M) Berhad	NED	M	M	67	Accounting	4	11	
289	Datuk Razman Md. Hashim	Berjaya Land Development Berhad	Chairman	M	M	68	Accounting	7	11	
	"	Multi-Purpose Holdings Berhad	Chairman							
	"	Sunway City Berhad	Dep. Chairman							

290	Datuk Robert Yong Kuen Loke	Berjaya Corporation Berhad	NED	M	C	55	Accounting	6	13	
	"	Berjaya Land Development Berhad	NED							
	"	Berjaya Sport & Toto Berhad	NED							
291	Datuk Seri Kamal Mohamad Hashim	STAR Publications Malaysia Berhad	Exec. Director	M	M	68	No. Record	1	34	
292	Datuk Seri Panglima Sheng Lau Ho	Sime Darby Berhad	NED (ID)	M	C	61	Law	1	1	
293	Datuk Shahril Shamsuddin	Sapuracrest Petroleum Berhad	Ex. V. Chairman	M	M	47	Management Sc.	2	4	
294	Datuk Shaik Iman Abas	KLCC Property Holdings Berhad	NED	M	M	61	Accounting	1	3	
295	Datuk Simon Shim Kong	Hap Seng Plantation Holdings Berhad	NED	M	C	56	Law	2	11	
	"	Hap Seng ConsolNED (ID)ated Berhad	NED							
296	Datuk Siti Maslamah bt Osman	Airport Holdings Berhad	NED (ID)	F	M	60	Accounting	1	4	Retired government officer
297	Datuk Steven Tan Kok Hiang	STAR Publications Malaysia Berhad	CEO	M	C	58	No. Record	1	21	
298	Datuk Tian Thee Kian	TA Enterprise Berhad	Exec. Chairman	M	C	61	Science	1	17	
299	Datuk Yahya Yaacob	IJM Corporation Berhad	NED (ID)	M	M	63	Art	4	8	
300	Datuk Zainuddin Mohamad	IOI Property Berhad	NED (ID)	M	M	62	Urban Planning	1	6	Retired government officer
301	Datuk Zainun Aishah binti Ahmad	Malayan Banking Berhad	NED	F	M	61	Art	3	2	Retired government officer
302	Datuk Zaleka Hassan	Telekom Malaysia Berhad	NED	F	M	54	Art	1	-6	Retired government officer
303	David Edward Conley	Malaysian Pacific Industries Berhad	CEO	M	British	38	Engineering	1	14	
304	David Neil Moore	Guinness Anchor Berhad	NED	M	British	37	Law	1	2	
305	David William Berry	Boustead Heavy Industry Corporation Berhad	NED (ID)	M	N. Zealand	60	Finance	1	1	
306	Donald Marion Condon	Titan Chemicals Corporation Berhad	NED	M	American	58	Economy	1	4	
307	Dr. Choong Tuck Yew	OSK Holdings Berhad	NED (ID)	M		69	Accounting	2		
308	Dr. Juned Abu Saham	Dialog Group Berhad	NED (ID)	M	M	65	Economy	3	12	Retired government officer
309	Dr. Leong Chik Weng	UMW Holdings Berhad	NED (ID)	M	C	45	Engineering	1	1	
310	Dr. Leslie Buckley	Guinness Anchor Berhad	NED	M	N. Zealand	46	Business studies	1	1	
311	Dr. Ngo get Ping	OSK Holdings Berhad	NED (ID)	M	C	49	Engineering	1	1	
312	Dr. Poh Soon Sim	Hong Leong Finance Group Berhad	NED	M	C	62	Medicine	2	16	
313	Dr. Robert John Edgar	AMMB Holdings Berhad	NED	M	NZ	61	Economy	1	1	
314	Dr. Roslam D. Ghafar	Malaysian Resources Corporation Berhad	NED	M	M	56	Science	1	4	
315	Dr. Sarifuddin A. Hamid	Tradewinds (M) Berhad	NED (ID)	M	M	64	Agriculture	1	4	
316	Dr. Tiong Ik King	EON Capital Berhad	NED	M	C	57	Medicine	2	5	
317	Edward Lee Ming Foo	Hap Seng ConsolNED (ID)ated Berhad	CEO	M	C	51	Art	2	2	
	"	Hap Seng Plantation Holdings Berhad	CEO							
318	Elakumari a/p Kantial	Time.Com Berhad	NED	F	I	52	Accounting	1	4	
319	En Peng Meng	YTL Berhad	NED (ID)	M	C	72	Commerce	2	4	

320	En. Abdul Jabar Abdul Majid	Proton Holdings Berhad	NED (ID)	M	M	62	Accounting	3	4	
	"	Tradewinds Corporation Berhad	NED (ID)							
321	En. Hasni Harun	EON Capital Berhad	NED (ID)	M	M	50	Accounting	6	1	
322	En. Johari Abdul Muned	RHB Capital Berhad	NED	M	M	50	Accounting	4	2	
323	En. Mohd. Din Jusoh	Asiatic Development Berhad	NED (ID)	M	M	64	Management	1	27	
324	En. Zulkiflee Hashim	Hong Leong Bank Berhad	NED	M	M	48	Law	3	9	
325	Eshah bt Meor Suleiman	Airport Holdings Berhad	NED	F	M	53	Economy	1	3	Government Officer
326	Eu Peng Meng	YTL Cement Berhad	NED (ID)	M	C	72	Commerce	2	4	
327	Fakhrudin Sulaiman	Tradewinds Plantation Berhad	NED	M	C	51	Law	1	1	
328	Fam Lee Ee	Airasia Berhad	NED (ID)	M	C	47	Law	1	3	
329	Feizal Ali	IJM Corporation Berhad	NED	M	M	46	Accounting	5	6	
	"	MMC Corporation Berhad	CEO (Int)							
	"	Zelan Berhad	NED							
330	Folk Jee Yoong	Pakson Berhad	NED (ID)	M	C	46	Accounting	1	6	
331	Freddie Pang Hock Cheng	Berjaya Corporation Berhad	Exec. Director	M	C	52	Law	5	15	
332	Freddie Pang Hock Cheng	Berjaya Sport & Toto Berhad	Exec. Director	M	C	52	Law	5	15	
333	Gan Siew Liat	KNM Group Berhad	NED	M	C	47	Engineering	1	4	
334	Gee Siew Yong	Sapuracrest Petroleum Berhad	NED (ID)	M	C	58	Accounting	1	6	
335	Gen @ Tan Sri Mohd Zaini bin Haji Zainuddin	Affin Holdings Berhad	Chairman	M	M	60	Defence Studies	5	2	Retired government officer
	"	Asiatic Development Berhad	NED (ID)							
	"	Banda Raya Developments Berhad	NED (ID)							
	"	Bintulu Port	NED (ID)							
	"	Resort World Berhad	NED (ID)							
	"	Wan Seong Corporation Berhad	NED (ID)							
336	General (RTD) Tan Sri Dato' Mohd Ghazali Seth	NESTLE Malaysia Berhad	Chairman	M	M	79	No Record	2	21	Retired government officer
337	George Leong Chee Fook	Lion Diversified Holdings Berhad	NED (ID)	M	C	61	Economy	1	6	
338	Giancarlo Maccagno	Wan Seong Corporation Berhad	Deputy CEO	M	C	45	Economy	1	3	
339	Goh Chin Liong	WCT Engineering Berhad	Exec. Director	M	C	48	Engineering	1	21	
340	Guillaume Raux	Lafarge Malayan Cement Berhad	V. Chairman	M	French	48	Business studies	1	5	
341	Hajah Jamilah bt Dato' Haji Hashim	Airport Holdings Berhad	NED	F	M	50	Business studies	1	2	Retired government officer
342	Haji Mohd Hashir bin Haji Abdullah	Malayan Banking Berhad	NED (ID)	M	M	71	Accounting	4	11	
343	Halim Haji Din	MMC Corporation Berhad	NED (ID)	M	M	62	Accounting	3	5	
	"	Wan Seong Corporation Berhad	NED (ID)							
344	Harry K Menon	MISC	NED (ID)	M	I	57	Accounting	4	6	
345	Hasni Harun	MMC Corporation Berhad	CEO (Malaysia)	M	M	50	Accounting	6	0.1	
346	Hassan Ja'afar	Plus Expressway Berhad	NED	M	M	61	Chemical Engineering	1	5	

347	Heah Sleu Lay	Lion Diversified Holdings Berhad	NED	M	C	54	Accounting	1	6	
348	Hiroyuki Kudo	Bumiputera Commerce Holdings	NED	M	Japanese	53	Economy	1	0.3	
349	Ho Dua Tiam	United Plantations Berhad	CEO	M	C	67	Agriculture	1	12	
350	Ho Kam Yong	Dialog Group Berhad	ED	M	C	42	Business studies	1	1	
351	Ibrahim bin Marsadi	Petronas Dagang Berhad	CEO	M	M	55	Economy	1	5	
352	Ibrahim Taib	DRB Hicom Berhad	NED	M	M	53	Law	1	3	
353	Ir Haji Yusoff Daud	Linkaran Trans Kota Holdings Berhad	NED	M	M	62	Engineering	1	12	Retired government officer
354	Ir. Cher Lee Kiat	Kencana Petroleum Berhad	Exec. Director	M	C	52	Engineering	1	2	
355	Ir. Ha Ting Tai	Gamuda Berhad	NED	M	C	53	Engineering	1	16	
356	Ir. Lee Swee Eng	KNM Group Berhad	CEO	M	C	52	Engineering	1	4	
357	Ir. Prabahar N.K Singam	Telekom Malaysia Berhad	NED (ID)	M	I	46	Engineering	1	6	
358	Ir. Zainal Rashed Mokhtar	Kencana Petroleum Berhad	CEO	M	M	54	Engineering	1	2	
359	Ishak Osman	Bousted Heavy Industry Corporation Berhad	NED	M	M	61	Economy	1	9	
360	Isidoro Mirada	Lafarge Malayan Cement Berhad	NED	M	Spanish	49	Business studies	1	1	
361	Izam Yusof	Bursa Malaysia Berhad	NED (ID)	M	M	40	Accounting	2	3	
362	Izlan bin Izhah	Airport Holdings Berhad	NED	M	M	62	Law	9	2	
363	Jack Bowles	British American Tobacco (M)	CEO	M	French	44	Business studies	1	1	
364	Jacques Henceval	Lafarge Malayan Cement Berhad	Exec. Director	M	Belgian	60	No record	1	1	
365	Jamaluddin Md Ali	Kulim Malaysia Berhad	NED (ID)	M	M	50	Economy	1	6	
366	James Richard Sutte	British American Tobacco (M)	NED	M	British	61	Accounting	1	5	
367	Jean Jacques	Lafarge Malayan Cement Berhad	NED	M	French	48	Law	1	2	
368	Jeremy Derek Campbell	United Plantations Berhad	NED (ID)	M	British	67	Agriculture	1	6	
369	Jeremy Nasrul Haq	Airport Holdings Berhad	NED (ID)	M	M	55	Accounting	1	1	
370	Jereny Ting Keng Fui	IJM Plantation Berhad	NED	M	C	50	Business studies	1	13	
371	Jory Leong Kam Weng	TA Enterprise Berhad	NED (ID)	M	C	44	Economy	1	4	
372	Joseph Benjamin	YTL Cement Berhad	Exec. Director	M	I	66	Commerce	1	21	
373	Kamaruddin Abdul Kadir	Time.Com Berhad	NED (ID)	M	M	65	Engineering	1	6	
374	Kamaruzaman A. Kassim	Kulim Malaysia Berhad	NED	M	M	44	Commerce	3	1	
375	Kamil Ahmad Merican	E & O Property Development Berhad	NED	M	M	57	Architecture	1	7	
376	Keong Choon Keat	Malaysia Airline System Berhad	NED (ID)	M	C	63	Accounting	6	6	
377	Khoo Khee Ming	IJM Plantation Berhad	NED (ID)	M	C	65	Agriculture	1	3	
378	Khor Chap Jen	Setia Berhad	Exec. Director	M	C	48	Engineering	3	5	
379	Kok Meng Chow	E & O Property Development Berhad	NED	M	C	47	Accounting	1	4	
380	Kong Wah Seng	Mulpha International Berhad	NED (ID)	M	C	49	Economy	1	5	
381	Kua Hwee Sim	Kulim Malaysia Berhad	NED (ID)	F	C	55	Accounting	1	8	
382	Kuek Leng Seng	Guocoland (Malaysia) Berhad	CEO	M	C	49	Law	1	13	
383	Kung Beng Hong	Alliance Finance Group Berhad	NED	M	C	63	Economy	8	2	
384	Kuok Khoo Kuan	Malaysian Bulk Carriers Berhad	CEO	M	C	60	Art	1	12	

385	Lau Boon Ann	Top Glove Berhad	NED	M	C	52	Business studies	1	7	
386	Lau Teong-Jin	Hap Seng ConsolNED (ID)ated Berhad	NED (ID)	M	C	65	Law	4	3	
387	Law Chin Wat	Mulpha International Berhad	Exec. Director	M	C	56	Business studies	1	7	
388	Law Teng Lum	Guinness Anchor Berhad	Exec. Director	M	C	53	Accounting	1	6	
389	Lee Cheng Leang	IOI Corporation Berhad	Exec. Director	M	C	59	Business studiesistration	1	26	
390	Lee Hui Leong	KNM Group Berhad	NED	M	C	53	Engineering	1	4	
391	Lee Seng Huat	Mulpha International Berhad	Exec. Chairman	M	C	33	Business studies	1	3	
392	Lee Wee Yong	Hap Seng ConsolNED (ID)ated Berhad	Dep. CEO	M	C	59	Commerce	1	2	
393	Liang Kai Chong	WCT Engineering Berhad	Exec. Director	M	C	46	Mathematics	1	3	
394	Lim Cheong Guan	Top Glove Berhad	Exec. Director	M	C	42	Accounting	1	1	
395	Lim Hooi Sin	Top Glove Berhad	Exec. Director	M	C	45	Business studies	1	7	
396	Lim Kim Meow	Top Glove Berhad	Exec. Director	M	C	48	Commerce	1	4	
397	Lim Poon Thuo	Pakson Berhad	NED	M	C	53	Business studies	1	2	
398	Lim Swe Guan	Sunway City Berhad	NED	M	C	53	Business studies	1	5	
399	Lin Chung Dien	Pakson Berhad	NED	M	C	64	Engineering	1	17	
400	Lin Yu Tey	KNM Group Berhad	NED (ID)	M	C	67	Commerce	1	4	
401	Ling Ah Hong	IJM Plantation Berhad	Exec. Director	M	C	56	Agriculture	1	2	
402	Loh Siew Kuen	WCT Engineering Berhad	Exec. Director	M	C	51	Accounting	1	1	
403	Low Siew Moi	Sunway City Berhad	NED	F	C	57	Accounting	2	8	
404	Lt Gen @ Dato' Abdul Ghani bin Abdullah	Asiatic Development Berhad	NED	M	M	65	Defense studies	1	11	Retired government officer
405	Lt Gen @ Dato' Haji Abdul Jamil bin Haji Ahmad	Asiatic Development Berhad	NED (ID)	M	M	79	Defense studies	1	27	Retired government officer
406	Lt General @ Datuk Abdul Aziz bin Hassan	Hap Seng ConsolNED (ID)ated Berhad	NED (ID)	M	M	60	Social Science	2	4	Retired government officer
407	Martin Bek Neilson	United Plantations Berhad	Exec. Director	M	Danish	32	Agriculture	1	7	
408	Martin Gilbert Barrow	Malaysia Airline System Berhad	NED (ID)	M	I	64	Science	1	6	
409	Md. Ali Md. Dewai	UEM World Berhad	NED (ID)	M	M	67	Business studies	1	4	
410	Md. Yusoff Hussin	UMW Holdings Berhad	NED	M	M	58	Economy	5	21	
411	Me. Chalie Espinda Oropesa	Hong Leong Finance Group Berhad	NED	M	American	50	Business studies	1	1	
412	Megat Dzainuddin Megat Mohamed	Alliance Finance Group Berhad	NED (ID)	M	M	62	Economy	1	2	
413	Mej Jen (B) Dato' Haron bin Mohd. Taib	YTL Berhad	NED (ID)	M	M	72	Defense studies	1	11	Retired government officer
	"	YTL Power Berhad	NED (ID)							
414	Mej. Gen Dato' Mohamed Isa Chekak	Affin Holdings Berhad	NED (ID)	M	M	72	No. Record	2	16	Retired government officer
415	Micheal Rose	Lafarge Malayan Cement Berhad	NED	M	French	65	Business studies	1	5	
416	Micheal Wong Pakshong	Sime Darby Berhad	NED (ID)	M	C	76	Account	1	26	-
417	Mohamad Lotfy Mohamad Nor	Malaysian Resources Corporation Berhad	NED	M	M	48	Business studies	1	2	

418	Mohamad Nasir Ab. Latif	United Plantations Berhad	NED (ID)	M	M	49	Economy	1	3	
419	Mohamad Rashedi Mohd. Ghazali	Sapuracrest Petroleum Berhad	NED (ID)	M	M	51	No Record	1	4	
420	Mohamed Azhar Osman Khairuddin	Petronas Gas Berhad	NED	M	M	51	Law	1	12	
421	Mohamed Hussain Bux	Pakson Berhad	NED	M	M	55	Economy	1	5	
422	Mohamed Salleh Gomu	Berjaya Sport & Toto Berhad	NED (ID)	M	M	57	Law	1	8	Retired government officer
423	Mohammad bin Abdullah	Malayan Banking Berhad	NED (ID)	M	M	66	Accounting	2	12	
	"	Malaysian Bulk Carriers Berhad	NED (ID)							
424	Mohammad Medan bin Abdullah	Petronas Dagang Berhad	NED	M	M	49	Law	1	1	
425	Mohammad Zainal Shari	Proton Holdings Berhad	NED	M	M	44	Accounting	1	3	
	"	Tenaga Nasional Berhad	NED							
426	Mohd. Adzhar Abd. Wahab	Kencana Petroleum Berhad	NED (ID)	M	M	43	Accounting	1	1	
427	Mohd. Rafik Shah Mohamad	NESTLE Malaysia Berhad	NED	M	M	57	Accounting	1	1	
428	Mohd. Reza Shah Abd. Wahid	DRB Hicom Berhad	Exec. Director	M	M	44	Economy	3	1	
429	Mohd. Zain Ahmad	Berjaya Corporation Berhad	NED (ID)	M	M	55	Law	1	2	
430	Morten Lundal	Digi Com Berhad	CEO	M	Norvein	43	Engineering	1	3	
431	Mr Ng Kee Leen	Linkaran Trans Kota Holdings Berhad	NED	M	C	51	Finance	1	11	
432	Mr Saw Wah Theng	Linkaran Trans Kota Holdings Berhad	NED	M	C	50	Accounting	3	6	
433	Mr. Ang Guan Seng	PPB Group Berhad	NED	M	C	69	No Record	1	9	
434	Mr. Anthony Cheong Fook Seng	Fraser & Neave Holdings Berhad	NED	M	C	53	Accounting	1	5	
435	Mr. Chales Lew Foon	RHB Capital Berhad	NED (ID)	M	C	50	Finance	1	2	
436	Mr. Chang Si Fock	Zelan Berhad	CEO	M	C	52	Business studies	1	4	
437	Mr. Cheah Tek Kuang	Aminvestment Group Berhad	NED	M	C	60	Economy	3	13	
	"	AMMB Holdings Berhad	CEO							
438	Mr. Chew Peng	Hong Leong Bank Berhad	NED (ID)	M	C	66	Accounting	1	6	
439	Mr. Chin Kwai Yoong	Genting Berhad	NED (ID)	M	C	59	Accounting	1	1	
440	Mr. Chong Yee How	Hong Leong Finance Group Berhad	CEO	M	C	51	Economy	4	2	
	"	Hong Leong Bank Berhad	Exec. Director							
441	Mr. Christian Storm	Digi Com Berhad	Exec. Director	M	Norvein	52	Business studies	1	3	
442	Mr. Geh Cheng Hooi	Plus Expressway Berhad	NED (ID)	M	C	73	Accounting	6	20	
443	"	STAR Publications Malaysia Berhad	NED (ID)							
444	Mr. Geh Cheng Hooi	STAR Publications Malaysia Berhad	NED (ID)	M	C	73	Accounting	9	20	
445	Mr. Giin Heng Wan	Gamuda Berhad	NED	M	C	51	Engineering	1	29	
446	Mr. Khoo Teik Chooi	Tanjong Berhad	NED	M	C	69	Engineering	1	2	
447	Mr. Kok Tuck Cheong	Aminvestment Group Berhad	CEO	M	C	51	Accounting	1	2	
448	Mr. Kwek Leng Hai	Hong Leong Bank Berhad	NED	M	C	54	Law	2	13	
	"	Malaysian Pacific Industries Berhad	Chairman							
449	Mr. Kwek Leng Seng	Hong Leong Bank Berhad	NED	M	C	49	Law	1	13	

450	Mr. Lam Kar Leong	Zelan Berhad	NED	M	C	52	Law	1	3	-
451	Mr. Lawrance Lin Swee Lin	Magnum Corporation Berhad	NED	M	C	50	Economy	2	5	
453	Mr. Lee Kong Yip	Fraser & Neave Holdings Berhad	NED	M	C	63	Statistic	3	7	
453	Mr. Leong Wai Hoong	Tanjong Berhad	NED (ID)	M	C	61	Art	1	2	
454	Mr. Leslie Oswin Strays	Fraser & Neave Holdings Berhad	NED (ID)	M	C	70	Economy	1	6	
455	Mr. Lim Eng Ho	Magnum Corporation Berhad	NED (ID)	M	C	62	Business studies	1	7	
456	Mr. Lim Teong Leong	Magnum Corporation Berhad	CEO	M	C	53	Marketing	3	7	
457	Mr. Lim Tiong Chin	Multi-Purpose Holdings Berhad	NED	M	C	55	Accounting	1	5	
458	Mr. Manharlal Ratilal	KLCC Property Holdings Berhad	NED	M	I	47	Accounting	1	3	
459	Mr. Mark Owen Sterns	Shell Refining Company Malaysia Berhad	NED	M	British	51	Engineering	1	3	
460	Mr. Micheal Joseph Barret	RHB Capital Berhad	CEO	M	American	57	Business studies	1	1	
461	Mr. Nagasama Oyama	AEON Co. (M) Berhad	CEO	M	Japanese	53	Business studies	1	2	
462	Mr. Naruhito Kuroda	AEON Co. (M) Berhad	NED	M	Japanese	45	English	1	1	
463	Mr. Ng Kok Cheng	Multi-Purpose Holdings Berhad	NED	M	C	51	Property Management	1	5	
464	Mr. Ngau Boon Keat	Dialog Group Berhad	Exec. Chairman	M	I	59	Engineering	1	17	
465	Mr. Peter John Hodgson	AMMB Holdings Berhad	NED	M	NZ	52	Law	1	1	
466	Mr. Pragasa Moorthi	KLCC Property Holdings Berhad	NED (ID)	M	I	60	Quantity Surveyor	1	3	
467	Mr. Quah Chek Tin	Asiatic Development Berhad	NED	M	C	56	Economy	3	8	
	"	Genting Berhad	NED							
	"	Resort World Berhad	NED							
468	Mr. Quek Kok Sean	Hong Leong Finance Group Berhad	Exec. Director	M	C	27	Economy	3	2	
469	Mr. Rangar Holmen Korsaeath	Digi Com Berhad	NED	M	Norvein	42	Finance	1	3	
470	Mr. Rin Kei Mei	EON Capital Berhad	NED	M	C	73	Engineering	1	5	
		Tanjong Berhad	Chairman	M	C	56	Accounting	1	3	
471	Mr. Saw Wan Thing	Gamuda Berhad	NED	M	C	50	Accounting	5	9	
472	Mr. Soo Kim Wai	AMMB Holdings Berhad	NED	M	C	46	Accounting		5	
473	Mr. Sullivan Joseph O'Carroll	NESTLE Malaysia Berhad	CEO	M	S. African	56	Psychology	1	4	
474	Mr. Tan Ang Meng	Fraser & Neave Holdings Berhad	CEO	M	C	52	Accounting	1	6	
475	Mr. Tan Keon Yin	Hong Leong Bank Berhad	NED (ID)	M	C	63	Economy	3	13	
476	Mr. Thoas Micheal Taylor	Shell Refining Company Malaysia Berhad	NED	M	British	51	Engineering	2	3	
477	Mr. Tsutomo Kajita	AEON Co. (M) Berhad	V. Chairman	M	Japanese	54	Business studies	1	1	
478	Mr. Vijayarathnam Pillay	Banda Raya Developments Berhad	NED	M	I	56	Accounting	4	6	
	"	Multi-Purpose Holdings Berhad	NED							
479	Mr. Wizayarathnam Somasundram	EON Capital Berhad	NED (ID)	M	I	68	Economy	1	5	
480	Mr. Wong Chin Yen	Gamuda Berhad	NED (ID)	F	C	47	Law	1	14	
481	Mr. Wong Shiang	Magnum Corporation Berhad	NED (ID)	M	C	42	Accounting	1	7	
482	Mr. Yap Kok Weng	Setia Berhad	Exec. Director	M	C	46	Accounting	1	4	



483	Mr. Yoong Nin Check	Zelan Berhad	NED	M	C	48	Economy	1	4	
484	Mr. Yvonne Chia	Hong Leong Finance Group Berhad	NED	F	C	54	Economy	3	3	
485	Mrs. PusphaRajandran	Aminvestment Group Berhad	NED	F	I	49	Accounting	1	2	
486	Ms Yvonne Chia	Hong Leong Bank Berhad	CEO	F	C	54	Finance	2	3	
487	Muri Muhammad	Petronas Gas Berhad	NED (ID)	M	M	54	Science	1	11	
488	Ng Boon Su	KNM Group Berhad	NED	M	C	50	Economy	1	0.2	
498	Ng Foo Leong	Berjaya Corporation Berhad	NED	M	C	56	Accounting	2	13	
	"	Berjaya Sport & Toto Berhad	NED							
490	Ng Kee Leen	Gamuda Berhad	NED	M	C	51	Accounting	1	22	
491	Ngeow Voon Yean	Sunway City Berhad	NED	M	C	55	Communication	1	10	
492	Ngian Siew Siang	Sunway City Berhad	CEO	M	C	53	Engineering	1	13	
493	Noorizah Abdul Hamid	Plus Expressway Berhad	CEO	F	M	48	Business studies.	2	1	
494	Oh Kim Sun	UEM World Berhad	NED	M	C	59	Accounting	4	4	
495	Ong Aun Kung	E & O Property Development Berhad	NED (ID)	M	C	52	Property Management	1	8	
496	Ong Le Cheong	DRB Hicom Berhad	NED (ID)	M	C	66	Science	2	2	
497	Ong Leong Huat @ Wong Joo Hwa	OSK Holdings Berhad	CEO	M	C	63	Business studies	2		
498	Ooi Teik Huat	Tradewinds Plantation Berhad	NED (ID)	M	C	47	Accounting	1	1	
499	Patrick Houghtok Walc	Hap Seng Plantation Holdings Berhad	NED (ID)	M	Danish	53	Accounting	1	1	
500	Pauline Tan Suat Meng	IGB Corporation Berhad	NED	F	C	62	Science	2	4	
	"	Wan Seong Corporation Berhad	NED							
501	Paun Sri Hong Kuan	IOI Property Berhad	NED	F	C	67	Education	1	32	
502	Peter Leong Tuck Leng	Bursa Malaysia Berhad	NED	M	C	60	Economy	1	3	
503	Peter Selvarajah	United Plantations Berhad	NED (ID)	M	I	68	Accounting	1	12	
504	Peter U Chin Wei	TA Enterprise Berhad	NED (ID)	M	C	57	Accounting	1	8	
505	Phoon Siew Heng	Alliance Finance Group Berhad	NED	M	C	44	Economy	1	2	
506	Pn. Sri Tong Siew Bee	Top Glove Berhad	Exec. Director	F	C	49	Computer Sc.	1	7	
507	Poh Pai Kong	Tradewinds Corporation Berhad	NED	M	C	56	Science	1	1	
508	Pui Chin Jang	TA ANN Holdings Berhad	NED	M	C	65	Commerce	1	8	
509	Quah Chin Chye	Top Glove Berhad	NED (ID)	M	C	53	Accounting	1	6	
510	Quah Poh Keat	Plus Expressway Berhad	NED (ID)	M	C	55	Accounting	1	0.2	
511	Quek Chee Hoon	Guocoland (Malaysia) Berhad	NED	M	C	54	Accounting	1	3	
512	Rahimah Mahmood	TA Enterprise Berhad	NED (ID)	F	M	50	Marketing	1	1	
513	Raja Abidin Raja Shahrome	IOI Property Berhad	NED (ID)	M	M	62	Business studies	1	18	Retired government officer
514	Raja Dato' Seri Abdul Aziz b. Raja Salim	Gamuda Berhad	NED (ID)	M	M	69	Accounting	10	6	
	"	PPB Group Berhad	NED (ID)							
515	Raja Dato' Seri Aman bin Raja Ahmad	Affin Holdings Berhad	NED (ID)	M	M	62	Accounting	1	16	Retired government officer

516	Raja Dato' Seri Eleena Raja Azlan Shah	Gamuda Berhad	NED	F	M	47	Law	1	19	
517	Raja Datuk Arshad Raja Tun Uda	Sime Darby Berhad	NED	M	M	60	Account	1	21	-
518	Raja Murad Raja Bahrin	Shell Refining Company Malaysia Berhad	CEO	M	M	48	Law	1	3	
519	Raja Tan Sri Muhammad Alias b Raja Muhd Ali	Batu Kawan Berhad	NED (ID)	M	M	76	Art	6	28	
	"	Kuala Lumpur Kepong Berhad	NED (ID)							
	"	Malayan Banking Berhad	NED (ID)							
	"	Sime Darby Berhad	NED							
520	Ralph Marshall	Astro All Asia Networks Be	Deputy Chairman	M	I	55	Accounting	3	16	
	"	KLCC Property Holdings Berhad	NED (ID)							
	"	Tanjong Berhad	NED							
521	Ramachandran Nair	IJM Plantation Berhad	NED (ID)	M	I	69	Agriculture	1	1	
522	Ray Lim Kian Chye	Kuala Lumpur Kepong Berhad	NED	M	C	57	Economy	1	1	
523	Raymond Tein	RB Land Berhad	NED (ID)	M	C	47	Business studies	1	7	
524	Rayvin Tan Yeong Sheik	Berjaya Corporation Berhad	Exec. Director	M	C	28	Accounting	2	2	
	"	Berjaya Sport & Toto Berhad	NED (ID)							
525	Robert James Clark	British American Tobacco (M)	NED	M	British	40	Mathematic	1	3	
526	Robert Odendaal	Astro All Asia Networks Be	CEO	M	British	45	Accounting	1	1	
527	Dato'Robert Cheim Dau Meng	Tanjong Berhad	Chairman	M	C	56	Accounting	1	3	
	Robert Tan Chung Meng	IGB Corporation Berhad	CEO	M	C	55	Business studies	3	12	
	"	Wan Seong Corporation Berhad	Exec. Chairman							
528	Ronnie Kok Lai Huat	Time.Com Berhad	NED (ID)	M	C	53	Business studies	1	1	
529	Rosli Man	Telekom Malaysia Berhad	NED (ID)	M	M	54	Engineering	1	6	
530	Rozan Mohd. Sa'at	Kulim Malaysia Berhad	NED	M	M	48	Economy	1	1	
531	Sahibudeen Abdul Kadir	Multi-Purpose Holdings Berhad	NED (ID)	M	M	54	Banking Studies	1	5	
532	Sa'id Haji Dollah	TA ANN Holdings Berhad	Exec. Director	M	M	46	Engineering	1	8	
533	Saw Ewe Seng	Lafarge Malayan Cement Berhad	NED (ID)	M	C	69	Engineering	1	7	
534	Sekarajasekaran Arasarathnam	Top Glove Berhad	NED (ID)	M	I	79	Engineering	1	7	
535	Shahril Ridzuan	Malaysian Resources Corporation Berhad	CEO	M	M	38	Law	2	6	
	"	Media Prima Berhad	NED (ID)							
536	Shamsuddin Miskon	Petronas Gas Berhad	CEO	M	M	46	Engineering	1	1	
537	Sharifah Intan bt. S.M Hamed	Oriental Holdings Berhad	NED	F	M	73	Law	1	5	
538	Siti Khairon Shariff	Dialog Group Berhad	NED	F	M	53	Economy	1	2	
539	Soo Heng Chin	IJM Corporation Berhad	Exec. Director	M	C	52	Engineering	1	9	
540	Soon Seong Keat	Hap Seng ConsolNED (ID)ated Berhad	Exec. Director	M	C	47	Accounting	1	1	
	"	Hap Seng Plantation Holdings Berhad	Exec. Director							
541	Stephen Alby	NESTLE Malaysia Berhad	Exec. Director	M	French	43	Finance	1	3	

542	Stephen Gen Sin	Alliance Finance Group Berhad	NED (ID)	M	C	52	Accounting	1	3	
543	Syed Azmin Syed Nor	Tradewinds (M) Berhad	NED	M	M	44	Management Sc.	4	3	
	"	Tradewinds Corporation Berhad	NED							
544	Tai Kai Seng	IGB Corporation Berhad	NED (ID)	M	C	56	Accounting	1	3	
545	Taing Kim Hua	WCT Engineering Berhad	CEO	M	C	54	Economy	1	26	
545	Tan Boon Seng	IGB Corporation Berhad	Exec. Director	M	C	52	Art	1	17	
546	Tan Gee Sooi	PPB Group Berhad	CEO	M	C	65	Accounting	3	3	
	"	Tradewinds (M) Berhad	NED							
547	Tan Keok Yin	Guocoland (Malaysia) Berhad	NED (ID)	M	C	63	Economy	3	12	
	"	Malaysian Pacific Industries Berhad	NED (ID)							
548	Tan Kok Guan	LPI Capital Berhad	NED	M	C	51	Science	1	11	
549	Tan Kong Han	Tanjong Berhad	CEO	M	C	48	Law	1	5	
550	Tan Seng Lee	Puncak Niaga Holdings Berhad	Exec. Director	M	M	49	Business studies	1	2	
551	Tan Siat Tee	Sunway City Berhad	NED (ID)	M	C	67	Accounting	2	6	
552	Tan Sri A. Razak Ismail	Lafarge Malayan Cement Berhad	NED (ID)	M	M	65	Public Admin	5	3	Retired government officer
553	Tan Sri Ab. Rahman Omar	DRB Hicom Berhad	NED	M	C	62	Economy	4	4	Retired government officer
	"	Wan Seong Corporation Berhad	NED (ID)							
554	Tan Sri Abdul Halim Ali	IJM Corporation Berhad	NED (ID)	M	M	64	Art	4	1	Retired government officer
555	"	Zelan Berhad	Chairman							
556	Tan Sri Abdul Hamed Egon	Hap Seng Plantation Holdings Berhad	NED	M	M	52	Art		1	
557	Tan Sri Abdul Rashid b. Abdul Manaf	Setia Berhad	Chairman	M	M	61	Law	3	1	Retired government officer
558	Tan Sri Abu Talib Othman	British American Tobacco (M)	NED	M	M	68	Law	5	12	Retired government officer
	"	IGB Corporation Berhad	Chairman							
	"	Sime Darby Berhad	NED							
559	Tan Sri Ahmad Mohd. Dom	Hap Seng Plantation Holdings Berhad	Chairman	M	M	61	Economy	3	1	Retired government officer
560	Tan Sri Alwi Jantan	Guinness Anchor Berhad	NED (ID)	M	M	73	Art	5	17	Retired government officer
		Resort World Berhad	Exec. Director							
561	Tan Sri Clifford Francis Herbert	Resort World Berhad	NED (ID)	M	I	66	Public Admin.	2	5	Retired government officer
562	Tan Sri Dato' (Dr.) Francis Yeoh Sock Ping	YTL Berhad	CEO	M	C	50	Engineering	6	15	
	"	YTL Cement Berhad	CEO							
	"	YTL Power Berhad	CEO							
563	Tan Sri Dato' Azman Hashim	Aminvestment Group Berhad	Chairman	M	M	68	Accounting	5	41	
	"	AMMB Holdings Berhad	Chairman							
564	Tan Sri Dato' Dr. Lin See Yan	Fraser & Neave Holdings Berhad	NED (ID)	M	C	68	Economy	6	11	

565	Tan Sri Dato' Dr. Sak Cheng Lum	STAR Publications Malaysia Berhad	NED (ID)	M	C	63	Medicine	2	6	
566	Tan Sri Dato' Dr. Teng Chew Ping	Puncak Niaga Holdings Berhad	NED (ID)	M	C	65	Art	5	7	Ex. Cabinet Minister
567	Tan Sri Dato' Dr. Wan Abd. Rahman Wan Yaacob	IJM Corporation Berhad	Chairman	M	M	66	Engineering	8	11	Retired government officer
	"	Linkaran Trans Kota Holdings Berhad	Chairman							
568	Tan Sri Dato' Ernest Zulliger	NESTLE Malaysia Berhad	NED (ID)	M	Swiss	75	Business studies	1	24	
569	Tan Sri Dato' Hamad Kama Pian	Titan Chemicals Corporation Berhad	NED	M	M	56	Finance	1	9	Retired government officer
570	Tan Sri Dato' Hari Narayanan	Puncak Niaga Holdings Berhad	NED (ID)	M	I	58	Engineering	3	11	
	"	Setia Berhad	NED (ID)							
	"	Tenaga Nasional Berhad	NED (ID)							
571	Tan Sri Dato' Ir (Dr) Wan Abdul Rahman	MMC Corporation Berhad	NED (ID)	M	M	66	Civil Engineering	6	8	Retired government officer
572	Tan Sri Dato' Ir Muhammad Radzi Haji Mansor	Telekom Malaysia Berhad	Chairman	M	M	65	Engineering	1	8	Retired government officer
573	Tan Sri Dato' Ir Taha bin Haji Mohd. Hashim	Gamuda Berhad	Chairman	M	M	72	Engineering	7	17	Retired government officer
	"	Sunway City Berhad	NED (ID)							
574	Tan Sri Dato' Jaafar Abdul	Berjaya Sport & Toto Berhad	NED (ID)	M	M	75	No record	7	18	Retired government officer
	"	Pakson Berhad	NED (ID)							
575	Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	Tenaga Nasional Berhad	NED (ID)	M	C	58	Accounting	3	6	
576	Tan Sri Dato' Lee Shin Cheng	IOI Corporation Berhad	Chairman/CEO	M	C	68	Business studies	2	32	
	"	IOI Property Berhad	Chairman/CEO							
577	Tan Sri Dato' Lodin bin Wok Kamaruddin	Affin Holdings Berhad	CEO	M	M	58	Business. Admin	3	21	
578	"	Boustead Corporation Berhad	CEO							
	"	Boustead Heavy Industry Corporation Berhad	Chairman							
579	Tan Sri Dato' Md Nor Md Yusoff	Bumiputera Commerce Holdings	Chairman	M	M	60	Commerce	1	1	
580	Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor	Malayan Banking Berhad	NED (ID)	M	M	58	Engineering	6	3	
581	Tan Sri Dato' Mohamad Noordin	UMW Holdings Berhad	NED (ID)	M	M	68	Economy	1	4	Retired government officer
582	Tan Sri Dato' Mohd Ramli b. Kushairi	Gamuda Berhad	NED (ID)	M	M	71	Social Science	3	6	
583	Tan Sri Dato' Mohd Sheriff Mohd Kassim	Plus Expressway Berhad	Chairman	M	M	68	Economy	4	5	
584	Tan Sri Dato' Mohd. Hassan Merican	MISC	Chairman	M	M	54	Accounting	3	16	
	"	Petronas Gas Berhad	Chairman							
585	Tan Sri Dato' Mohd. Ibrahim	AMMB Holdings Berhad	NED (ID)	M	M	64	Marketing	5	3	
586	Tan Sri Dato' Muhammad Ali Hashim	Kulim Malaysia Berhad	Chairman	M	M	61	Economy	4	25	
587	Tan Sri Dato' Nasaruddin bin Bahari	Linkaran Trans Kota Holdings Berhad	NED (ID)	M	M	69	Art	4	11	Retired government officer

588	Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	YTL Berhad	Exec. Chairman	M	C	77	Engineering	3	15	
	"	YTL Cement Berhad	Exec. Chairman							
	"	YTL Power Berhad	Exec. Chairman							
589	Tan Sri Dato' Seri Syed Anwar Jamalullail	EON Capital Berhad	Chairman	M	M	56	Accounting	8	11	
	"	DRB Hicom Berhad	Chairman							
590	Tan Sri Dato' Seri Dr. Ahmad Sarji Abdul Hamid	Sime Darby Berhad	Chairman	M	M	69	Public Administration	4	10	Ex.Government Officer
591	Tan Sri Dato' Seri Dr. Cheah Fook Ling	Sunway City Berhad	Chairman	M	C	62	Accounting	2	15	
592	Tan Sri Dato' Seri Hidar Mohamed Nor	Bumiputera Commerce Holdings	NED (ID)	M	M	68	Law	1	6	Ex.Government Officer
593	Tan Sri Dato' Seri Haji Zainul Ariffin	Gamuda Berhad	NED (ID)	M	M	61	Business studies.	3	3	
594	Tan Sri Dato' Seri Khalid Ahmad	Hong Leong Finance Group Berhad	NED (ID)	M	M	71	Law	2	25	Retired government officer
	"	IGB Corporation Berhad	NED (ID)							
	"	NESTLE Malaysia Berhad	NED (ID)							
595	Tan Sri Dato' Sri Dr. The Hong Piow	LPI Capital Berhad	Chairman	M	C	76	Finance	4	42	
	"	Public Bank Berhad	Chairman							
596	Tan Sri Dato' Sri Liew Kee Sin	Setia Berhad	CEO	M	C	49	Economy	1	11	
597	Tan Sri Dato' Sri Vincent Tan	Berjaya Corporation Berhad	Chairman/CEO	M	C	55	Business studies	4	17	
	"	Berjaya Corporation Berhad	Dep. Chairman	M	C	52				
	"	Berjaya Land Development Berhad	Deputy Chairman							
598	Tan Sri Dato' Thong Yaw Hong	Batu Kawan Berhad	NED (ID)	M	C	77	Economy	9	21	Retired government officer
	"	Kuala Lumpur Kepong Berhad	NED (ID)							
	"	Public Bank Berhad	NED (ID)							
599	Tan Sri Dato' Thong Yew Hong	Berjaya Sport & Toto Berhad	Chairman	M	C	77	Economy	10	21	
600	Tan Sri Dato' Wong See Wah	IJM Plantation Berhad	Chairman	M	C	61	Education	2	1	
600	Tan Sri Dato' Zainol Abidin Abdul Rashed	Tradewinds (M) Berhad	Chairman	M	M	61	Economy	1	1	Retired government officer
601	Tan Sri Datuk Abdul Rahim	Berjaya Corporation Berhad	NED (ID)	M	M	77	Art	1	2	
602	Tan Sri Datuk Amar Leo Moggie	Digi Com Berhad	NED (ID)	M	B	66	Business	1	3	Ex.Cabinet Minister
	"	Tenaga Nasional Berhad	Chairman							
603	Tan Sri Datuk Anuar Abd. Hamid	Sapuracrest Petroleum Berhad	NED (ID)	M	M	62	Economy	2	6	Retired government officer
	"	Tradewinds Corporation Berhad	NED (ID)							
604	Tan Sri Datuk Arshad Ayub	Kulim Malaysia Berhad	NED (ID)	M	M	79	Agriculture	8	20	Retired government officer
	"	Top Glove Berhad	NED (ID)							

605	Tan Sri Datuk Asmat Kamaluddin	Malaysian Pacific Industries Berhad	NED (ID)	M	M	64	Economy	10	5	Retired government officer
	"	UMW Holdings Berhad	Chairman							
	"	YTL Cement Berhad	Dep/ Chairman							
606	Tan Sri Datuk Clifford	Aminvestment Group Berhad	NED (ID)	M	I	65	Public Administration	5	3	Retired government officer
	"	AMMB Holdings Berhad	NED (ID)							
607	Tan Sri Datuk Dr. Aris Othman	Airport Holdings Berhad	Chairman	M	M	62	Economy	5	4	Retired government officer
	"	Aminvestment Group Berhad	NED (ID)							
	"	AMMB Holdings Berhad	NED (ID)							
	"	YTL Power Berhad	NED (ID)							
608	Tan Sri Datuk Dr. Johari Mat	United Plantations Berhad	Chairman	M	M	66	Art	1	6	Retired government officer
609	Tan Sri Datuk Dr. Tajuddin Ali	Sime Darby Berhad	NED	M	M	59	Engineering	5	6	Retired government officer
	"	UEM World Berhad	Chairman							
610	Tan Sri Datuk Mohamad Khatib Abd. Hamid	UMW Holdings Berhad	NED	M	M	69	Art	1	7	Retired government officer
611	Tan Sri Dr. Hashim Md. Ali	Hong Leong Finance Group Berhad	NED (ID)	M	M	72	Business studies	3	15	
612	Tan Sri Dr. Lim Wee Chai	Top Glove Berhad	Chairman/CEO	M	C	49	Physics	1	7	
614	Tan Sri Dr. Lin See Yan	Genting Berhad	NED (ID)	M	C	68	Economy	6	6	
	"	Resort World Berhad	NED (ID)							
615	Tan Sri Dr. Lin See Yan	Wan Seong Corporation Berhad	NED (ID)	M	C	68	Economy	6	6	
616	Tan Sri Dr. Murad Mohammad Nor	IJM Corporation Berhad	NED (ID)	M	M	76	Administration		22	
617	Tan Sri Ghazali	Boustead Corporation Berhad	Chairman	M	M	77	Defense studies	3	19	Retired government officer
618	Tan Sri Ibrahim Menudin	Sapuracrest Petroleum Berhad	NED (ID)	M	M	62	Commerce	1	1	Retired government officer
619	Tan Sri Kamarul Ariffin b. Mohamed Yassin	British American Tobacco (M)	NED (ID)	M	M	73	Law	1	28	
620	Tan Sri Lee Lam Thye	Media Prima Berhad	NED (ID)	M	C	61	Education	3	4	
	"	Setia Berhad	NED (ID)							
621	Tan Sri Lim Kok Thay	Genting Berhad	Chairman/CEO	M	C	57	Civil Engineering	3	30	
	"	Resort World Berhad	Chairman/CEO							
	"	Asiatic Development Berhad	CEO							
622	Tan Sri Marzuki Mohd. Nor	DRB Hicom Berhad	NED (ID)	M	M	59	Art	1	1	Retired government officer
623	Tan Sri Mohamed Basir bin Ahmad	Malayan Banking Berhad	Chairman	M	M	70	Art	4	14	
	Tan Sri Mohd Amin bin Osman	Asiatic Development Berhad	Chairman	M	M	81	Defense studies	2	15	Retired government officer
	"	Genting Berhad	Exec. Director							
624	Tan Sri Nik Mohamad Nik Yaakob	Guocoland (Malaysia) Berhad	NED (ID)	M	M	58	Engineering	5	2	

625	Tan Sri Quek Leng Chan	Guocoland (Malaysia) Berhad	Chairman	M	C	64	Law	10	39	
	"	Hong Leong Bank Berhad	Chairman							
	"	Hong Leong Finance Group Berhad	Chairman							
626	Tan Sri Rozali Ismail	Plus Expressway Berhad	NED (ID)	M	M	69	Political Science	3	18	Retired government officer
	"	Puncak Niaga Holdings Berhad	Exec. Chairman	M	M	51	Law	2	7	
627	Tan Sri Sew Huat Lye	Guinness Anchor Berhad	Chairman	M	C	73	Economy	3	23	
	"	Shell Refining Company Malaysia Berhad	NED (ID)							
628	Tan Sri Wan Sidek Wan Abdul Rahman	Resort World Berhad	NED (ID)	M	M	72	Economy	5	10	Retired government officer
629	Tan Sri William Cheng	Lion Diversified Holdings Berhad	Chairman	M	C	64	Business. Admin	6	18	
	"	Pakson Berhad	Chairman/CEO							
630	Tan Yew Jin	PPB Group Berhad	NED	M	C	63	Accounting	2	20	
	"	Tradewinds (M) Berhad	NED							
631	Tan Yuen Fan	Alliance Finance Group Berhad	NED (ID)	M	C	63	Accounting	1	2	
630	Tay Beng Chai	Malaysian Bulk Carriers Berhad	NED (ID)	M	C	46	Law	1	4	
631	Tee Choon Yeow	LPI Capital Berhad	CEO	M	C	55	Commerce	1	16	
632	Tee Kim Chan	Alliance Finance Group Berhad	NED (ID)	M	C	54	Law	3	3	
633	Teh Soon Poh	Malayan Banking Berhad	NED (ID)	M	C	71	Law	4	10	
634	Tengku Dato' Azmil Zahrudin Raja Abdul Aziz	Malaysia Airline System Berhad	NED	M	M	37	Economy	1	3	
635	Tengku Dato' Rahimah	Puncak Niaga Holdings Berhad	NED	F	M	41	Economy	1	1	
636	Tengku Mustafa Kamel	Berjaya Land Development Berhad	NED	M	M	39	Hotel Management	2	5	
637	Tengku Robert Hamzah	Batu Kawan Berhad	NED (ID)	M	C	68	Architecture	1	31	
	"	Kuala Lumpur Kepong Berhad	NED (ID)							
638	Tengku Sharif Syed Badaruddin	Fraser & Neave Holdings Berhad	Chairman	M	M	62	Law	1	20	
639	Tengku Tan Sri Dr. Mahaleel b. Tengku Ariff	NESTLE Malaysia Berhad	NED (ID)	M	M	61	Economy	1	4	
640	Tenku Abdul Rahman Ibni Sultan Haji Ahmad Shah	Public Bank Berhad	NED (ID)	M	M	47	Business studiesistration	2	23	
641	Teo Joo Kim	Malaysian Bulk Carriers Berhad	Exec. Chairman	M	Singaporean	67	Accounting	1	12	
642	Teo Tong How	Sunway City Berhad	NED (ID)	M	C	64	Architecture	1	6	
643	Teow Leong Seng	Setia Berhad	Exec. Director	M	C	49	Accounting	1	10	
644	Thomas Patrick	Titan Chemicals Corporation Berhad	CEO	M	C	52	Science	1	1	
645	Tiong Hock Seng	TA ANN Holdings Berhad	NED (ID)	M	C	75	Accounting	1	6	
646	Tony Tan @ Choon Keat	IGB Corporation Berhad	NED	M	C	59	Engineering	1	4	
647	Tuan Haji Johari Abas	Boustead Corporation Berhad	NED (ID)	M	M	76	Agriculture	2	17	
648	Tuan Haji kadir Mat Kassim	Proton Holdings Berhad	NED (ID)	M	M	67	Law	7	4	Retired government officer
	"	Time.Com Berhad	NED							

	"	UEM World Berhad	NED (ID)							
649	Tuan Haji Nordin Abdullah	Bousted Heavy Industry Corporation Berhad	NED (ID)	M	M	56	Economy	1	4	
650	Tuan Syed Abdullah b. Syed Abdul Kadir	YTL Berhad	NED	M	M	53	Engineering	4	10	
	"	YTL Power Berhad	NED							
651	Tuan Syed Zanail Syed Albar	Malaysian Pacific Industries Berhad	NED (ID)	M	M	53	Law	4	13	
652	Tun Dato' Seri Yusoff Chin	Bintulu Port	Chairman	M	M	72	Law	1	4	Retired government officer
653	Tun Mohamad Dzaidin Haji Abdul	Bursa Malaysia Berhad	Chairman	M	M	70	Law	1	3	Retired government officer
654	Tun Mohammed Hanif Omar	AMMB Holdings Berhad	Chairman	M	M	68	Art	5	13	Retired government officer
	"	Genting Berhad	Deputy Chairman							
	"	Resort World Berhad	Deputy Chairman							
655	Tunku Imran Tunku Jaafar	Lafarge Malayan Cement Berhad	Chairman	M	M	60	Law	1	28	
656	Tunku Tan Sri Dato' Seri Ahmad b. Tunku Yahya	KLCC Property Holdings Berhad	Chairman	M	M	78	Economy	3	29	
	"	Sime Darby Berhad	NED (ID)							
657	Velayuthan Kien Song	IJM Plantation Berhad	CEO	M	I	53	Business studies	1	3	
658	Vivien Cheng Chi Fan	Berjaya Corporation Berhad	Exec. Director	F	C	48	Economy	1	2	
659	Wan Zulkiflee Wan Ariffin	Petronas Gas Berhad	NED	M	M	46	Engineering	1	2	
660	Wong Choong Kim	OSK Holdings Berhad	Exec. Director	M	C	53	Accounting	1		
661	Wong Seng Lee	Kulim Malaysia Berhad	Exec. Director	M	C	57	Accounting	1	11	
662	Wong Sewe Ming	WCT Engineering Berhad	Exec. Director	M	C	60	No Record	1	26	
663	Wong Yuen Kuai	Hap Seng Plantation Holdings Berhad	NED (ID)	M	C	54	Law	1	1	
664	Wu Long Peng	Malaysian Bulk Carriers Berhad	NED	M	Singaporean	54	Accounting	1	13	
665	Yeoh Eng Khoon	Batu Kawan Berhad	NED (ID)	M	C	60	Economy	2	2	
	"	Kuala Lumpur Kepong Berhad	NED (ID)							
666	Yeoh Khoon Cheng	Lafarge Malayan Cement Berhad	Exec. Director	M	C	49	Accounting	1	8	
667	Yeong Chee Wan	RB Land Berhad	NED (ID)	M	C	47	Engineering	1	6	
668	Yeow Kheng Chew	Kencana Petroleum Berhad	NED	M	C	55	Economy	1	2	
669	Yeow Teck Chai	Pakson Berhad	NED (ID)	M	C	57	Economy	1	1	
670	YM Professor Diaja Ungku Abdul Aziz	Plus Expressway Berhad	NED (ID)	M	M	86	Economy	1	5	Retired government officer
671	YM Tengku Tan Sri Dato' Seri Ahmad Rithauddean bin Tengku Ismail	Oriental Holdings Berhad	NED (ID)	M	M	76	Law	1	7	Ex. Cabinet Minister
672	Yong Soon Hian	Banda Raya Developments Berhad	NED (ID)	M	C	60	Management Sc.	1	7	
673	Zainab Ahmad	TA Enterprise Berhad	Exec. Director	F	M	57	Business studies	1	17	
674	Zainab Mohd. Salleh	Dialog Group Berhad	NED	F	M	41	Accounting	1	1	



## Appendix J

### Profile of retired government officers of in the top 100 Malaysian PLCs

No	Name	Company	Position	Gender	Race	Age	Qualification	Directorships	Year of experience
1	Datin Dr. Umikalsum bt Mohd. Noh	EON Capital Berhad	NED	F	M	61	Economy	1	5
2	Datin Paduka Siti Sa'adiah Sh Bakir	Kulim Malaysia Berhad	NED	F	M	55	Economy	1	2
	"	Bursa Malaysia Berhad	NED (ID)						
3	Dato' Abdullah Mohd. Yusoff	AEON Co. (M) Berhad	Chairman	M	M	68	Law	4	23
4	Dato' Ahmad Haji Hashim	Proton Holdings Berhad	NED	M	M	55	Economy	2	1
5	Dato' Ahmad Sufian	Malaysian Bulk Carriers Berhad	NED (ID)	M	M	56	Marine Science	3	11
	"	WCT Engineering Berhad	Chairman						
6	Dato' Dr. Ariff Aton	Titan Chemicals Corporation Berhad	NED	M	M	62	Engineering	1	8
7	Dato' Dr. Arshad Hashim	Bintulu Port	NED (ID)	M	M	59	Art	2	2
	"	IJM Corporation Berhad	NED						
	"	Zelan Berhad	NED (ID)						
8	Dato' Dr. Mohd. Aminuddin Mohd. Rouse	STAR Publications Malaysia Berhad	NED (ID)	M	M	62	Science	2	10
9	Dato' Dr. Mohd. Munir Abdul Majid	Malaysia Airline System Berhad	Chairman	M	M	60	Economy	2	3
10	Dato' Dr. Mohd. Shahar Sidek	Fraser & Neave Holdings Berhad	NED	M	M	60	Economy	1	4
11	Dato' Dr. Mohd. Shahari Ahmad	EON Capital Berhad	NED (ID)	M	M	71	Art	6	4
	"	Malaysian Resources Corporation Berhad	NED (ID)						
	"	Media Prima Berhad	NED (ID)						
12	Dato' Dr. Radzuan A. Rahman	Kulim Malaysia Berhad	NED (ID)	M	M	64	Agriculture	2	1
13	Dato' Dr. Wan Abdul Aziz	Malaysia Airline System Berhad	NED	M	M	55	Economy	3	1
	"	MISC	NED (ID)						
14	Dato' Dr. Wan Muhamad Wan Ibrahi,	Time.Com Berhad	Chairman	M	M	60	Engineering	1	6
15	Dato' Dr. Yahya bin Ismai	YTL Berhad	NED (ID)	M	M	79	Veterinary Science	4	11
	"	YTL Power Berhad	NED (ID)						
16	Dato' Fauziah Ismail	Sapuracrest Petroleum Berhad	NED (ID)	F	M	65	Art	3	6
17	Dato' Haji Kamaruzaman Zainal	Media Prima Berhad	NED	M	M	51	Business studies	1	1
18	Dato' Haji Zakaria Zamsuddin	IOI Property Berhad	NED (ID)	M	M	67	Art	1	6
19	Dato' Halipah Binti Esa	KLCC Property Holdings Berhad	NED (ID)	F	M	57	Economy	2	3
	"	MISC	NED (ID)						
20	Dato' Hamzah Bakar	Bumiputera Commerce Holdings	NED (ID)	M	M	56	Marine Science	3	11
	"	Sapuracrest Petroleum Berhad	Chairman						
21	Dato' Hassan Abdul Mutalip	Pakson Berhad	NED (ID)	M	M	62	Police Science	1	6
22	Dato' Hj. Abdul Rahim Haji Abdul	YTL Cement Berhad	NED	M	M	58	Art	1	3

23	Dato' Hj. Abdul Shukor Jaafar	YTL Cement Berhad	NED (ID)	M	M	65	Defense studies	1	10
24	Dato' Hj. Kamaruzzaman Mohamed	Hong Leong Finance Group Berhad	NED (ID)	M	M	77	Public Admin.	1	26
25	Dato' Hj.Md. Yusoff	Berjaya Corporation Berhad	NED (ID)	M	M	60	Social Science	1	2
26	Dato' Ir Haji Azmi Mat Nor	Gamuda Berhad	NED	M	M	49	Engineering	3	6
	"	Linkaran Trans Kota Holdings Berhad	NED						
27	Dato' Ir. Abdul Rahim	UEM World Berhad	NED (ID)	M	M	62	Engineering	2	1
28	Dato' Johari Mohamed	Kulim Malaysia Berhad	NED (ID)	M	M	58	Engineering	1	14
29	Dato' Kalsom Abd. Rahman	MISC	NED (ID)	F	M	58	Economy	2	3
30	Dato' Mohamed Idris Saman	AEON Co. (M) Berhad	NED (ID)	M	M	63	Defense studies Studies	1	7
31	Dato' Mohamed Khadar Merican	Airasia Berhad	NED (ID)	M	M	51	Accounting	2	2
	"	Astro All Asia Networks Be	NED (ID)						
	"	RHB Capital Berhad	NED (ID)						
32	Dato' Mohd. Salleh Harun	Titan Chemicals Corporation Berhad	NED (ID)	M	M	63	Accounting	1	3
33	Dato' Murad Mohammed	Lion Diversified Holdings Berhad	NED (ID)	M	M	74	Art	2	18
	"	Pakson Berhad	NED (ID)						
34	Dato' Pahamin Rejab	Airasia Berhad	Chairman	M	M	60	Law	2	6
35	Dato' Prof. Dr. Tunku Ismail bin Tunku Mohammad Jawa	Oriental Holdings Berhad	NED (ID)	M	M	71	Business studies	1	6
36	Dato' Richard Ho Ung Hun	Malayan Banking Berhad	NED (ID)	M	C	80	Law	2	24
	"	Kuala Lumpur Kepong Berhad	Chairman/CEO						
37	Dato' Shafei Salleh	Titan Chemicals Corporation Berhad	NED (ID)	M	M	62	Art	1	1
38	Dato' Shaik Daud Mohd. Ismail	Time.Com Berhad	NED (ID)	M	M	72	Law	1	3
39	Dato' Shamsuddin Md. Dubi	RB Land Berhad	Chairman	M	M	62	Public Admin	2	7
40	Dato' Talhat Hussain	Shell Refining Company Malaysia Berhad	NED (ID)	M	M	53	Political Sc.	2	1
41	Dato' Yusoff Din	Boustead Corporation Berhad	NED (ID)		M	77	Defense studies	1	18
42	Dato' Zaharaah Shaari	Airport Holdings Berhad	NED	F	M	58	Art	1	8
	"	Malaysia Airline System Berhad	NED						
43	Dato' Zawawi Mahmud	AEON Co. (M) Berhad	NED (ID)	M	M	62	Art	1	6
44	Datu Haji Abang Halmi Ikhwan	Bintulu Port	NED (ID)	M	M	59	Economy	1	3
45	Datu Wilson Baya Dandot	Sarawak Electricity Berhad	NED	M	B	56	Economy	1	11
46	Datuk Abdul Habib Mansur	IGB Corporation Berhad	NED	M	M	64	Art	1	4
47	Datuk Abdul Hamed bin Sepawi	Sarawak Electricity Berhad	Chairman	M	M	59	Science	3	8
	"	TA ANN Holdings Berhad	Chairman						
48	Datuk Alias Haji Ahmad	Airport Holdings Berhad	NED (ID)	M	M	60	Economy	1	4
49	Datuk Amar Haji Abdul Aziz Dato' Haji Hussain	Sarawak Electricity Berhad	CEO	M	M	57	Economy	4	2
50	Datuk Azlan Zainol	Malaysian Resources Corporation Berhad	Chairman	M	M	58	Accounting	5	2
	"	RHB Capital Berhad	Chairman						

51	Datuk Azzat Kamaludin	Affin Holdings Berhad	NED (ID)	M	M	62	Law	6	16
	"	Boustead Corporation Berhad	NED						
	"	Boustead Heavy Industry Corporation Berhad	NED						
52	Datuk Haji Mohd. Khalil b. Dato' Haji Mohd Nor	IOI Corporation Berhad	NED (ID)	M	M	66	Economy	4	6
53	Datuk Henry Chin Pow Wu	Magnum Corporation Berhad	NED (ID)	M	C	64	Defense studies	6	7
	"	Hap Seng Consolidated Berhad	Dep.Chairman						
54	Datuk Ismail Mansor Said	Lion Diversified Holdings Berhad	NED (ID)	M	M	58	Economy	1	12
55	Datuk Kamaruddin Mohamed	YTL Cement Berhad	NED	M	M	58	Business studies	1	3
56	Datuk Mohd. Sidik Shail Osman	MMC Corporation Berhad	NED	M	M	59	Science	1	4
57	Datuk Panglima Mohd. Annuar Zaini	Berjaya Corporation Berhad	NED (ID)	M	M	57	Economy	4	2
	"	Malaysia Airline System Berhad	NED (ID)						
58	Datuk Siti Maslamah bt Osman	Airport Holdings Berhad	NED (ID)	F	M	60	Accounting	1	4
59	Datuk Zainuddin Mohamad	IOI Property Berhad	NED (ID)	M	M	62	Urban Planning	1	6
60	Datuk Zainun Aishah binti Ahmad	Malayan Banking Berhad	NED	F	M	61	Art	3	2
61	Datuk Zaleka Hassan	Telekom Malaysia Berhad	NED	F	M	54	Art	1	-6
62	Dr. Sarifuddin A. Hamid	Tradewinds (M) Berhad	NED (ID)	M	M	64	Agriculture	0	4
63	Dr. Junid Abu Saham	Dialog Group Berhad	NED (ID)	M	M	65	Economy	3	12
64	Gen @ Tan Sri Mohd Zaini bin Haji Zainuddin	Affin Holdings Berhad	Chairman	M	M	60	Defence Studies	5	2
	"	Asiatic Development Berhad	NED (ID)						
	"	Banda Raya Developments Berhad	NED (ID)						
	"	Bintulu Port	NED (ID)						
	"	Resort World Berhad	NED (ID)						
	"	Wan Seong Corporation Berhad	NED (ID)						
65	General (RTD) Tan Sri Dato' Mohd Ghazali Seth	NESTLE Malaysia Berhad	Chairman	M	M	79	No Record	2	21
66	Hajah Jamilah bt Dato' Haji Hashim	Airport Holdings Berhad	NED	F	M	50	Business studies	1	2
67	Ir Haji Yusoff Daud	Linkaran Trans Kota Holdings Berhad	NED	M	M	62	Engineering	1	12
68	Lt Gen @ Dato' Abdul Ghani bin Abdullah	Asiatic Development Berhad	NED	M	M	65	Defense studies studies	1	11
69	Lt Gen @ Dato' Haji Abdul Jamil bin Haji Ahmad	Asiatic Development Berhad	NED (ID)	M	M	79	Defense studies studies	1	27
70	Lt General @ Datuk Abdul Aziz bin Hassan	Hap Seng Consolidated Berhad	NED (ID)	M	M	60	Social Science	2	4
71	Mej Jen (B) Dato' Haron bin Mohd. Taib	YTL Berhad	NED (ID)	M	M	72	Defense studies studies	1	11
	"	YTL Power Berhad	NED (ID)						
72	Mohamed Salleh Gomu	Berjaya Sport & Toto Berhad	NED (ID)	M	M	57	Law	1	8
73	Raja Abidin Raja Shahrome	IOI Property Berhad	NED (ID)	M	M	62	Business studies	1	18
74	Raja Dato' Seri Aman bin Raja Ahmad	Affin Holdings Berhad	NED (ID)	M	M	62	Accounting	1	16
75	Tan Sri A. Razak Ismail	Lafarge Malayan Cement Berhad	NED (ID)	M	M	65	Public Admin	5	3

6	Tan Sri Ab. Rahman Omar	DRB Hicom Berhad	NED	M	C	62	Economy	4	4
	"	Wan Seong Corporation Berhad	NED (ID)						
77	Tan Sri Abdul Halim Ali	IJM Corporation Berhad	NED (ID)	M	M	64	Art	4	1
	"	Zelan Berhad	Chairman						
78	Tan Sri Abdul Rashid b. Abdul Manaf	Setia Berhad	Chairman	M	M	61	Law	3	1
79	Tan Sri Abu Talib Othman	British American Tobacco (M)	NED	M	M	68	Law	5	12
	"	IGB Corporation Berhad	Chairman						
	"	Sime Darby Berhad	NED						
80	Tan Sri Ahmad Mohd. Dom	Hap Seng Plantation Holdings Berhad	Chairman	M	M	61	Economy	3	1
81	Tan Sri Alwi Jantan	Guinness Anchor Berhad	NED (ID)	M	M	73	Art	5	17
82	Tan Sri Clifford Francis Herbert	Resort World Berhad	NED (ID)	M	I	66	Public Admin.	2	5
83	Tan Sri Dato' Dr. Teng Chew Ping	Puncak Niaga Holdings Berhad	NED (ID)	M	C	65	Art	5	7
84	Tan Sri Dato' Dr. Wan Abd. Rahman Wan Yaacob	IJM Corporation Berhad	Chairman	M	M	66	Engineering	8	11
	"	Linkaran Trans Kota Holdings Berhad	Chairman						
85	Tan Sri Dato' Hamad Kama Pian	Titan Chemicals Corporation Berhad	NED	M	M	56	Finance	1	9
86	Tan Sri Dato' Ir (Dr) Wan Abdul Rahman	MMC Corporation Berhad	NED (ID)	M	M	66	Civil Engineering	6	8
87	Tan Sri Dato' Ir Muhammad Radzi Haji Mansor	Telekom Malaysia Berhad	Chairman	M	M	65	Engineering	1	8
88	Tan Sri Dato' Ir Taha bin Haji Mohd. Hashim	Gamuda Berhad	Chairman	M	M	72	Engineering	7	17
	"	Sunway City Berhad	NED (ID)						
89	Tan Sri Dato' Jaafar Abdul	Berjaya Sport & Toto Berhad	NED (ID)	M	M	75	No record	7	18
	"	Pakson Berhad	NED (ID)						
90	Tan Sri Dato' Mohamad Noordin	UMW Holdings Berhad	NED (ID)	M	M	68	Economy	1	4
91	Tan Sri Dato' Nasaruddin bin Bahari	Linkaran Trans Kota Holdings Berhad	NED (ID)	M	M	69	Art	4	11
92	Tan Sri Dato' Seri Dr. Ahmad Sarji Abdul Hamid	Sime Darby Berhad	Chairman	M	M	69	Public Administration	4	10
93	Tan Sri Dato' Seri Haidar Mohamed Nor	Bumiputera Commerce Holdings	NED (ID)	M	M	68	Law	1	6
94	Tan Sri Dato' Seri Khalid Ahmad	Hong Leong Finance Group Berhad	NED (ID)	M	M	71	Law	2	25
	"	IGB Corporation Berhad	NED (ID)						
	"	NESTLE Malaysia Berhad	NED (ID)						
95	Tan Sri Dato' Zainol Abidin Abd. Rashid	Tradewinds (M) Berhad	Chairman	M	M	61	Economy	1	1
96	Tan Sri Datuk Amar Leo Moggie	Digi Com Berhad	NED (ID)	M	B	66	Business studies	1	3
	"	Tenaga Nasional Berhad	Chairman						
97	Tan Sri Datuk Anuar Abd. Hamid	Sapuracrest Petroleum Berhad	NED (ID)	M	M	62	Economy	2	6
	"	Tradewinds Corporation Berhad	NED (ID)						
98	Tan Sri Datuk Arshad Ayub	Kulim Malaysia Berhad	NED (ID)	M	M	79	Agriculture	8	20
	"	Top Glove Berhad	NED (ID)						
99	Tan Sri Datuk Asmat Kamaluddin	Malaysian Pacific Industries Berhad	NED (ID)	M	M	64	Economy	10	5
	"	UMW Holdings Berhad	Chairman						
	"	YTL Cement Berhad	Dep/ Chairman						

100	Tan Sri Datuk Cliford	Aminvestment Group Berhad	NED (ID)	M	I	65	Public Administration	5	3
	"	AMMB Holdings Berhad	NED (ID)						
101	Tan Sri Datuk Dr. Aris Othman	Airport Holdings Berhad	Chairman	M	M	62	Economy	5	4
	"	Aminvestment Group Berhad	NED (ID)						
	"	AMMB Holdings Berhad	NED (ID)						
	"	YTL Power Berhad	NED (ID)						
102	Tan Sri Datuk Dr. Johari Mat	United Plantations Berhad	Chairman	M	M	66	Art	1	6
103	Tan Sri Datuk Dr. Tajuddin Ali	Sime Darby Berhad	NED	M	M	59	Engineering	5	6
	"	UEM World Berhad	Chairman						
104	Tan Sri Datuk Mohamad Khatib Abd. Hamid	UMW Holdings Berhad	NED	M	M	69	Art	1	7
105	Tan Sri Ghazali	Boustead Corporation Berhad	Chairman	M	M	77	Defense studies studies	3	19
106	Tan Sri Ibrahim Menudin	Sapuracrest Petroleum Berhad	NED (ID)	M	M	62	Commerce	1	1
107	Tan Sri Marzuki Mohd. Nor	DRB Hicom Berhad	NED (ID)	M	M	59	Art	1	1
108	Tan Sri Mohd Amin bin Osman	Asiatic Development Berhad	Chairman	M	M	81	Defense studies studies	2	15
	"	Genting Berhad	Exec.Director						
109	Tan Sri Wan Sidek Wan Abdul Rahman	Resort World Berhad	NED (ID)	M	M	72	Economy	5	10
110	Tuan Haji kadir Mat Kassim	Proton Holdings Berhad	NED (ID)	M	M	67	Law	7	4
	"	Time.Com Berhad	NED						
	"	UEM World Berhad	NED (ID)						
111	Tun Dato' Seri Yusoff Chin	Bintulu Port	Chairman	M	M	72	Law	1	4
112	Tun Mohamad Dzaidin Haji Abdul	Bursa Malaysia Berhad	Chairman	M	M	70	Law	1	3
113	Tun Mohammed Hanif Omar	AMMB Holdings Berhad	Chairman	M	M	68	Art	5	13
	"	Genting Berhad	Deputy Chairman						
	"	Resort World Berhad	Deputy Chairman						
114	YM Professor Diaja Ungku Abdul Aziz	Plus Expressway Berhad	NED (ID)	M	M	86	Economy	1	5
115	YM Tengku Tan Sri Dato' Seri Ahmad Rithauddean bin Tengku Ismail	Oriental Holdings Berhad	NED (ID)	M	M	76	Law	1	7

**Profile of chairman of top 100 Malaysian PLCs**

No.	Name	Company	Position	Gender	Race	Age	Qualification	Directorship	Year of experience	Note
1	Tan Sri Dato' Lau Yin Pin	STAR Publications Malaysia Berhad	Chairman	M	C	58	Commerce	2	3	
2	Arve Johansen	Digi Com Berhad	Chairman	M	Norvein	56	Engineering	0	7	
3	Dato' Abdul Mutalib Mohamad Razak	Media Prima Berhad	Chairman	M	M	65	Law	1	4	
4	Dato' Abdullah Mohd. Yusoff	AEON Co. (M) Berhad	Chairman	M	M	68	Law	4	23	Retired government officer
5	Dato' Ahmad Sufian	WCT Engineering Berhad	Chairman	M	M	56	Marine Science	3	11	Retired government officer
6	Dato' Dr. Mohd. Munir Abdul Majid	Malaysia Airline System Berhad	Chairman	M	M	60	Economy	2	3	Retired government officer
7	Dato' Dr. Wan Muhamad Wan Ibrahim	Time.Com Berhad	Chairman	M	M	60	Engineering	0	6	Retired government officer
8	Dato' Haji Badri Haji Masri	Astro All Asia Networks Be	Chairman	M	M	63	Art	3	5	Retired government officer
9	Dato' Hamzah Bakar	Sapuracrest Petroleum Berhad	Chairman	M	M	64	Economy	3	4	Retired government officer
10	Dato' Jorgen Benhoft	Hap Seng Consolidated Berhad	Chairman	M	Danish	65	Accounting	3	2	
11	Dato' Loh Cheng Yean	Oriental Holdings Berhad	Chairman	M	C	64	No Record	0	20	
12	Dato' Mohamed Moiz b. Ali Moiz	Banda Raya Developments Berhad	Chairman	M	M	47	Business Studies	1	7	
13	Dato' Mohammad Idris Mansor	KNM Group Berhad	Chairman	M	M	63	Mining Science	2	1	
14	Dato' Mohammed Azlan Hashim	Proton Holdings Berhad	Chairman	M	M	50	Economy	5	3	
15	Dato' Mokhzani Mahathir	Kencana Petroleum Berhad	Exec. Chairman	M	M	46	Engineering	0	3	
16	Dato' Nik Mohamed Din bin Datuk Nik Yusoff	OSK Holdings Berhad	Exec. Chairman	M	M	64	Law	4	No record	
17	Dato' Oh Chong Peng	Alliance Finance Group Berhad	Chairman	M	C	63	Accounting	4	1	
18	Dato' Pahamin Rejab	Airasia Berhad	Chairman	M	M	60	Law	2	6	Retired government officer
19	Dato' Robert Cheim Dau Meng	Tanjong Berhad	Chairman	M	C	56	Accounting	0	3	
20	Dato' Saw Choo Boon	Shell Refining Company	Chairman	M	C	61	Chemistry	0	1	

		Malaysia Berhad								
21	Dato' Seri Lee Oi Han	Batu Kawan Berhad	Chairman/CEO	M	C	56	Agriculture	1	22	
	"	Kuala Lumpur Kepong Berhad	Chairman/CEO							
22	Dato' Seri Megat Najmuddin Megat Khas	Tradewinds Corporation Berhad	Chairman	M	M	63	Law	6	5	
23	Dato' Shamsuddin Md. Dubi	RB Land Berhad	Chairman	M	M	62	Public Admin	2	7	Retired government officer
24	Dato' Surin Upatkoon	Magnum Corporation Berhad	Chairman	M	Thai	54	Business Studies	5	2	
25	Dato' Tham Ka Hoon	E & O Property Development Berhad	Chairman/CEO	M	C	54	No record	0	8	
26	Dato' Wira Syed Abdul Jabbar Syed Hassan	MMC Corporation Berhad	Chairman	M	M	68	Economy	4	7	
	"	Tradewinds Plantation Berhad	Chairman							
27	Datuk Abdul Hamed bin Sepawi	Sarawak Electricity Berhad	Chairman	M	M	59	Science	3	8	Retired government officer
	"	TA ANN Holdings Berhad	Chairman							
28	Datuk Anuar bin Ahmad	Petronas Dagang Berhad	Chairman	M	M	53	Economy	0	12	
29	Datuk Azlan Zainol	Malaysian Resources Corporation Berhad	Chairman	M	M	58	Accounting	5	2	Retired government officer
	"	RHB Capital Berhad	Chairman							
30	Datuk James Y. Chao	Titan Chemicals Corporation Berhad	Chairman	M	C	60	Science	0	16	
31	Datuk Oh Siew Nam	PPB Group Berhad	Chairman	M	C	69	Engineering	1	19	
32	Datuk Razman Md. Hashim	Berjaya Land Development Berhad	Chairman	M	M	68	Accounting	7	5	
	"	Multi-Purpose Holdings Berhad	Chairman							
33	Datuk Tian Thee Kian	TA Enterprise Berhad	Exec. Chairman	M	C	61	Science	0	17	
34	Gen @ Tan Sri Mohd Zaini bin Haji Zainuddin	Affin Holdings Berhad	Chairman	M	M	60	Defense	5	2	Retired government officer
35	General (RTD) Tan Sri Dato' Mohd Ghazali Seth	NESTLE Malaysia Berhad	Chairman	M	M	79	No Record	2	21	Retired government officer
36	Lee Seng Huat	Mulpha International Berhad	Exec. Chairman	M	C	33	Business Studies	0	3	
37	Mr. Kwek Leng San	Malaysian Pacific Industries Berhad	Chairman	M	C	52	Engineering	6	17	

38	Mr. Ngau Boon Keat	Dialog Group Berhad	Exec. Chairman	M	C	59	Engineering	0	17	
39	Robert Tan Chung Meng	Wan Seong Corporation Berhad	Exec. Chairman	M	C	55	Business Studies	3	12	
40	Tan Sri Abdul Halim Ali	Zelan Berhad	Chairman	M	M	64	Art	4	1	Retired government officer
41	Tan Sri Abdul Rashid b. Abdul Manaf	Setia Berhad	Chairman	M	M	61	Law	3	1	Retired government officer
42	Tan Sri Abu Talib Othman	British American Tobacco (M)	Chairman	M	M	68	Law	5	13	Retired government officer
	"	IGB Corporation Berhad	Chairman							
43	Tan Sri Ahmad Mohd. Dom	Hap Seng Plantation Holdings Berhad	Chairman	M	M	61	Economy	3	1	Retired government officer
44	Tan Sri Dato' Azman Hashim	Aminvestment Group Berhad	Chairman	M	M	68	Accounting	5	41	
	"	AMMB Holdings Berhad	Chairman							
45	Tan Sri Dato' Dr. Wan Abd. Rahman Wan Yaacob	IJM Corporation Berhad	Chairman	M	M	66	Engineering	8	11	Retired government officer
	"	Linkaran Trans Kota Holdings Berhad	Chairman							
46	Tan Sri Dato' Ir Muhammad Radzi Haji Mansor	Telekom Malaysia Berhad	Chairman	M	M	65	Engineering	1	8	Retired government officer
47	Tan Sri Dato' Ir Taha bin Haji Mohd. Hashim	Gamuda Berhad	Chairman	M	M	72	Engineering	7	16	Retired government officer
48	Tan Sri Dato' Lee Shin Cheng	IOI Corporation Berhad	Chairman/CEO	M	C	68	Business Studies	1	32	
	"	IOI Property Berhad	Chairman/CEO							
49	Tan Sri Dato' Lodin bin Wok Kamaruddin	Bousted Heavy Industry Corporation Berhad	Chairman	M	M	58	Business. Admin	3	2	
50	Tan Sri Dato' Md Nor Md Yusoff	Bumiputera Commerce Holdings	Chairman	M	M	60	Commerce	1	1	
51	Tan Sri Dato' Mohd Sheriff Mohd Kassim	Plus Expressway Berhad	Chairman	M	M	68	Economy	4	5	Retired government officer
52	Tan Sri Dato' Mohd. Hassan Merican	MISC Berhad	Chairman	M	M	54	Accounting	3	16	
	"	Petronas Gas Berhad	Chairman							
53	Tan Sri Dato' Muhammad Ali Hashim	Kulim Malaysia Berhad	Chairman	M	M	61	Economy	4	25	



54	Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	YTL Berhad	Exec. Chairman	M	C	77	Engineering	3	15	
	"	YTL Cement Berhad	Exec. Chairman							
	"	YTL Power Berhad	Exec. Chairman							
55	Tan Sri Dato' Seri Anwar Jamalullail	EON Capital Berhad	Chairman	M	M	56	Accounting	8	1	
56	Tan Sri Dato' Seri Dr. Ahmad Sarji Abdul Hamid	Sime Darby Berhad	Chairman	M	M	69	Public Administration	4	10	Retired government officer
57	Tan Sri Dato' Seri Dr. Cheah Fook Ling	Sunway City Berhad	Chairman	M	C	62	Accounting	2	15	
58	Tan Sri Dato' Seri Syed Anwar Jamalullail	DRB Hicom Berhad	Chairman	M	M	56	Accounting	6	2	
59	Tan Sri Dato' Sri Dr. Teh Hong Piow	Public Bank Berhad	Chairman	M	C	76	Finance	4	42	
	"	LPI Capital Berhad	Chairman							
60	Tan Sri Dato' Sri Vincent Tan	Berjaya Corporation Berhad	Exec. Chairman	M	C	55	No Record	4	2	
61	Tan Sri Dato' Thong Yew Hong	Berjaya Sport & Toto Berhad	Chairman	M	C	77	Economy	10	5	Retired government officer
62	Tan Sri Dato' Wong See Wah	IJM Plantation Berhad	Chairman	M	C	61	Education	2	1	
63	Tan Sri Dato' Zainol Abidin Abd. Rashid	Tradewinds (M) Berhad	Chairman	M	M	61	Economy	0	1	Retired government officer
64	Tan Sri Datuk Amar Leo Moggie	Tenaga Nasional Berhad	Chairman	M	B	66	Business Studiesistraton	1	3	Ex.Cabinet Minister
65	Tan Sri Datuk Asmat Kamaluddin	UMW Holdings Berhad	Chairman	M	M	64	Economy	10	5	Retired government officer
66	Tan Sri Datuk Dr. Aris Othman	Airport Holdings Berhad	Chairman	M	M	62	Economy	5	4	Retired government officer
67	Tan Sri Datuk Dr. Johari Mat	United Plantations Berhad	Chairman	M	M	66	Art	0	6	Retired government officer
68	Tan Sri Datuk Dr. Tajuddin Ali	UEM World Berhad	Chairman	M	M	59	Engineering	5	1	Retired government officer
69	Tan Sri Dr. Lim Wee Chai	Top Glove Berhad	Chairman/CEO	M	C	49	Physics	0	7	
70	Tan Sri Ghazali	Boustead Corporation Berhad	Chairman	M	M	77	Defense	3	19	Retired government officer
71	Tan Sri Lim Kok Thay	Genting Berhad	Chairman/CEO	M	C	57	Engineering	2	29	
	"	Resort World Berhad	Chairman/CEO							

72	Tan Sri Mohamed Basir bin Ahmad	Malayan Banking Berhad	Chairman	M	M	70	Art	4	14	
73	Tan Sri Mohd Amin bin Osman	Asiatic Development Berhad	Chairman	M	M	80	Defense	2	15	Retired government officer
74	Tan Sri Quek Leng Chan " "	Guocoland (Malaysia) Berhad	Chairman	M	C	64	Law	10	17	
		Hong Leong Bank Berhad	Chairman							
		Hong Leong Finance Group Berhad	Chairman							
75	Tan Sri Rozali Ismail	Puncak Niaga Holdings Berhad	Exec. Chairman	M	M	51	Law	2	18	
76	Tan Sri Sew Huat Lye	Guinness Anchor Berhad	Chairman	M	C	73	Economy	3	10	
77	Tan Sri William Cheng "	Lion Diversified Holdings Berhad	Chairman/CEO	M	C	64	Business. Admin	6	3	
		Pakson Berhad	Chairman/CEO							
78	Tengku Sharif Syed Badaruddin	Fraser & Neave Holdings Berhad	Chairman	M	M	62	Law	0	20	
79	Teo Joo Kim	Malaysian Bulk Carriers Berhad	Ex. Chairman	M	Singaporean	67	Accounting	0	12	
80	Tun Dato' Seri Yusoff Chin	Bintulu Port	Chairman	M	M	72	Law	0	4	Retired government officer
81	Tun Mohamad Dzaidin Haji Abdul	Bursa Malaysia Berhad	Chairman	M	M	70	Law	0	3	Retired government officer
82	Tunku Imran Tunku Jaafar	Lafarge Malayan Cement Berhad	Chairman	M	M	60	Law	1	28	
83	Tunku Tan Sri Dato' Seri Ahmad b. Tunku Yahya	KLCC Property Holdings Berhad	Chairman	M	M	78	Economy	3	3	

**Profile of CEOs of top 100 Malaysian PLCs**

No.	CEO name	Company name	Designation	gender	Race	Age	Qualification	Directorships	Year of experience
1	Abdul Rahman Ahmad	Media Prima Berhad	CEO	M	M	39	Accounting	0	6
2	Ahamad Mohamad	Kulim Malaysia Berhad	CEO	M	M	55	Economic	0	16
3	Alain Crouy	Lafarge Malayan Cement Berhad	CEO	M	French	56	Engineering	0	3
4	Albert Lan Yiong	EON Capital Berhad	CEO	M	C	NA	NA	NA	NA
5	Azlan Abdullah	Tradewinds (M) Berhad	CEO	M	M	55	Economic	0	2
6	Chan Chen Leong	Wan Seong Corporation Berhad	CEO	M	C	58	Engineering	0	5
7	Chan Seng Fatt	Tradewinds Plantation Berhad	CEO	M	C	44	Art	0	1
8	Chan Yew Kai	Dialog Group Berhad	CEO	M	C	53	Engineering	0	2
9	Charles henry Ireland	Guinness Anchor Berhad	CEO	M	British	42	Business Studies	0	1
10	Cheah Tek Kuang	AMMB Holdings Berhad	CEO	M	C	60	Economic	5	13
11	Chung Tze Hian	Mulpha International Berhad	CEO	M	C	57	Commerce	3	6
12	Datin Tan Kuay Fong	TA Enterprise Berhad	CEO	F	C	57	Economic	0	17
13	Dato' Abd. Halim Harun	UMW Holdings Berhad	CEO	M	M	57	Business Studies	0	17
14	Dato' Abdul Wahid Omar	Telekom Malaysia Berhad	CEO	M	M	43	Accounting	2	3
15	Dato' Ahmad Pardas	UEM World Berhad	CEO	M	M	55	Accounting	6	3
16	Dato' Ahmad Zubair @ Ahmad Zubir Haji Murshid	Sime Darby Berhad	CEO	M	M	50	Engineering	7	3
17	Dato' Anthony Francis Fernandes	AirAsia Berhad	CEO	M	Irish	42	Accounting	0	6
18	Dato' Bashir Ahmad	Airport Holdings Berhad	CEO	M	M	58	Arts	0	4
19	Dato' Che Khalib Mohamad Noh	TNB Berhad	CEO	M	M	42	Accounting	3	3

20	Dato' Francis Ng Sooi Loh	Berjaya Land Development Berhad	CEO	M	C	51	Engineering	2	4
21	Dato' Hj. Mohd. Khamil Jamil	DRB Hicom Berhad	CEO	M	M	51	Law	4	2
22	Dato' Ir. Soam Heng Choon	RB Land Berhad	CEO	M	C	48	Engineering	2	3
23	Dato' Iris Jala @Idris Jala	Malaysia Airline System Berhad	CEO	M	B	49	Social Science	0	2
24	Dato' Jaganathan Derek Steven	Banda Raya Developments Berhad	CEO	M	I	51	Finance	1	8
25	Dato' Lin Yun Ling	Gamuda Berhad	CEO	M	C	52	Engineering	2	24
26	Dato' Matlasa Hitam	Puncak Niaga Holdings Berhad	CEO	M	M	68	Business Studies	0	4
27	Dato' Nazir Razak	Bumiputera Commerce Holdings	CEO	M	M	41	Science	1	1
28	Dato' Robin Thong Yaw Hong	Berjaya Sport & Toto Berhad	CEO	M	C	33	Accounting	4	1
29	Dato' Seri Ahmad Ramli	Boustead Heavy Industry Corporation Berhad	CEO	M	M	64	Defense Studies	4	2
30	Dato' Seri Lee Oi Han	Batu Kawan Berhad	Chairman/CEO	M	C	56	Agriculture	1	22
	"	Kuala Lumpur Kepong Berhad	Chairman/CEO						
31	Dato' Shamsul Azhar bin Abbas	MISC	CEO	M	M	55	Political Science	2	NA
32	Dato' Sri Teng Ah Lek	Public Bank Berhad	CEO	M	C	47	Accounting	4	10
33	Dato' Surin Upatsoon	Multi-Purpose Holdings Berhad	CEO	M	Thai	54	Business Studies	5	7
34	Dato' Syed Zainal Abidin b. Syed Mohamed Tahir	Proton Holdings Berhad	CEO	M	M	45	Engineering	0	1
35	Dato' Tan Boon Seng	IJM Corporation Berhad	CEO	M	C	55	Accounting	4	23
36	Dato' Tham Ka Hon	E & O Property Development Berhad	Chairman/CEO	M	C	54	Business Studies	0	9
37	Dato' Thomas Mun Leong Lee	Alliance Finance Group Berhad	CEO	M	C	70	Law	5	2
38	Dato' Wong Kuo Hea	TA ANN Holdings Berhad	CEO	M	C	56	No Record	0	8
39	Dato' Wong Lum Kong	Oriental Holdings Berhad	CEO	M	C	67	Accounting	0	31

40	Dato' Yusli Mohamad Yusoff	Bursa Malaysia Berhad	CEO	M	M	49	Accounting	0	3
41	Datuk Amar Haji Abdul Aziz Dato' Haji Hussain	Sarawak Electricity Berhad	CEO	M	M	57	Economic	4	2
42	Datuk Amirsham A Aziz	Maybank Berhad	CEO	M	M	57	Finance	4	14
43	Datuk Cheng Yong Kim	Lion Diversified Holdings Berhad	CEO	M	Singaporean	57	Business Studies	2	1
44	Datuk Nasarudin Md Idris	KLCC Property Holdings Berhad	CEO	M	M	52	Art	2	1
45	Datuk Shahril Shamuiddin	Sapuracrest Petroleum Berhad	CEO	M	M	47	Science	3	10
46	Datuk Steven Tan Kok Hiang	STAR Publications Malaysia Berhad	CEO	M	C	58	No. Record	0	21
47	David Edward Conley	Malaysian Pacific Industries Berhad	CEO	M	British	38	Engineering	0	14
48	Edward Lee Ming Foo	Hap Seng Consolidated Berhad	CEO	M	C	51	Arts	0	2
49	Edward Lee Ming Foo	Hap Seng Plantation Holdings Berhad	CEO	M	C	53	Art	2	1
50	Hasni Harun	MMC Corporation Berhad	CEO	M	M	50	Accounting	6	1
51	Ho Dua Tiam	United Plantations Berhad	CEO	M	C	67	Agriculture	0	12
52	Ibrahim Mardisi	Petronas Dagang Berhad	CEO	M	M	55	Economic	0	5
53	Ir. Lee Swee Eng	KNM Group Berhad	CEO	M	C	52	Engineering	0	4
54	Ir. Zainal Rashid Mokhtar	Kencana Petroleum Berhad	CEO	M	M	54	Engineering	0	2
55	Jack Bowles	British American Tobacco (M)	CEO	M	French	44	Business Studies	0	1
56	Kuek Leng Seng	Guocoland (Malaysia) Berhad	CEO	M	C	49	Law	1	13
57	Kuok Khoon Kuan	Malaysian Bulk Carriers Berhad	CEO	M	C	60	Art	0	12
58	Lim Teong Leong	Magnum Corporation Berhad	CEO	M	C	53	Business Studies	3	7
59	Micheal Barret	RHB Capital Berhad	CEO	M	USA	57	Economic	2	1
60	Mior Ahmad Baiti Mior Lus Ahmad	Bintulu Port	CEO	M	M	NA	NA	NA	NA

61	Morten Lunda	Digi Com Berhad	CEO	M	Norvein	43	Engineering	0	3
62	Mr. Chang Si Fock	Zelan Berhad	CEO	M	C	52	Business Studies	0	4
63	Mr. Chong Yee How	Hong Leong Finance Group Berhad	CEO	M	C	51	Economic	4	2
64	Mr. Kok Tuck Cheong	Aminvestment Group Berhad	CEO	M	C	51	Accounting	0	2
65	Mr. Nagasama Oyama	AEON Co. (M) Berhad	CEO	M	Japanese	53	Business Studies	0	2
66	Mr. Sullivan Joseph O'Carroll	NESTLE Malaysia Berhad	CEO	M	S. African	56	Psychology	0	4
67	Ms Yvonne Chia	Hong Leong Bank Berhad	CEO	F	C	54	Finance	2	3
68	Ngian Siew Siang	Sunway City Berhad	CEO	M	C	53	Engineering	0	13
69	Noorizah Abdul Hamid	Plus Expressway Berhad	CEO	F	M	48	Business Studies.	2	1
70	Ong Leong Huat @ Wong Joo Hwa	OSK Holdings Berhad	CEO	M	C	63	Business Studies	2	5
71	Raja Murad Raja Bahrin	Shell Refining Company Malaysia Berhad	CEO	M	M	48	Law	0	3
72	Robert Odendaal	Astro All Asia Networks Be	CEO	M	British	45	Accounting	0	1
73	Robert Tan Chung Meng	IGB Corporation Berhad	CEO	M	C	55	Business Studies	3	12
74	Sazally Saidi	Linkaran Trans Kota Holdings Berhad	CEO	M	M	NA	NA	NA	NA
75	Shahril Ridza Ridzuan	Malaysian Resources Corporation Berhad	CEO	M	M	38	Law	0	6
76	Shahrul Farez Hassan	Tradewinds Corporation Berhad	CEO	M	M	38	Economic	0	1
77	Shamsuddin Miskon	Petronas Gas Berhad	CEO	M	M	46	Engineering	0	1
78	Taing Kim Hua	WCT Engineering Berhad	CEO	M	C	54	Economic	0	26
79	Tan Ang Meng	Fraser & Neave Holdings Berhad	CEO	M	C	52	Accounting	0	6
80	Tan Gee Soi	PPB Group Berhad	CEO	M	C	65	Accounting	3	3
81	Tan Kong Han	Tanjong Berhad	CEO	M	C	48	Law	0	5

82	Tan Sri Dato' (Dr.) Francis Yeoh Sock Ping	YTL Cement Berhad	CEO	M	C	50	Engineering	6	15
	"	YTL Power Berhad	CEO						
	"	YTL Berhad	CEO						
83	Tan Sri Dato' Lee Shin Cheng	IOI Corporation Berhad	Chairman/CEO	M	C	68	Business Studies	1	32
	"	IOI Property Berhad	Chairman/CEO						
85	Tan Sri Dato' Lodin bin Wok Kamaruddin	Affin Holdings Berhad	CEO	M	M	58	Business Studies	3	23
	"	Boustead Corporation Berhad	CEO						
86	Tan Sri Dato' Sri Liew Kee Sin	Setia Berhad	CEO	M	C	49	Economic	0	11
87	Tan Sri Dato' Sri Vincent Tan	Berjaya Corporation Berhad	Chairman/CEO	M	C	55	No Record	4	2
88	Tan Sri Dr. Lim Wee Chai	Top Glove Berhad	Chairman/CEO	M	C	49	Physics	0	7
89	Tan Sri Lim Kok Thay	Genting Berhad	Chairman/CEO	M	C	57	Civil Engineering	2	30
	"	Resort World Berhad	Chairman/CEO						
90	Tan Sri William Cheng	Pakson Berhad	Chairman/CEO	M	C	64	Business Studies	6	3
91	Tee Choon Yeow	LPI Capital Berhad	CEO	M	C	55	Commerce	0	16
92	Thomas Patrick	Titan Chemicals Corporation Berhad	CEO	M	C	52	Science	0	1
93	Velayuthan Kien Song	IJM Plantation Berhad	CEO	M	I	53	Business Studies	0	3

**Profile of independent directors of top 100 Malaysian PLCs**

No	Name	ID position in the company	Gender	race	Age	Qualification	Directorships	Years of experience	Note
1	Tan Sri Dato' Lau Yin Pin	YTL Power Berhad	M	C	58	Commerce	2	10	
2	Abdul Rahman Abdul Ghani	Malaysia Airline System Berhad	M	M	57	Arts	1	6	
3	Ahmad A. Bakar	Tradewinds (M) Berhad	M	M	52	Accounting	2	1	
	"	Tradewinds Plantation Berhad							
4	Ahmad Riza Basir	United Plantations Berhad	M	M	47	Law	5	7	
5	Awang Bennie Awang Ali Basah	Banda Raya Developments Berhad	M	M	48	Law	0	8	
6	Azlan Abdullah	Banda Raya Developments Berhad	M	M	50	Business Studies	2	6	
7	Azmi Ismail	Kencana Petroleum Berhad	M	M	46	Physic	0	1	
8	Bernard Anthony	Astro All Asia Networks Be	M	I	52	Accounting	0	4	
9	Boey Tak Kong	RB Land Berhad	M	C	53	Accounting	4	7	
10	Cezar Peralta Consing	Bumiputera Commerce Asset Holdings Berhad	M	I	48	Economy	0	1	
11	Chan Foo Ann	IOI Corporation Berhad	M	C	77	Agriculture	4	22	
12	Chan Hua Eng	Lafarge Malayan Cement Berhad	M	C	79	Law	3	28	
13	Charles Tan Poh Tei	Lafarge Malayan Cement Berhad	M	C	69	Accounting	1	5	
14	Cheah Hon Kuen	WCT Engineering Berhad	M	C	57	Science	0	13	
15	Chew Hoy Ping	Mulpha International Berhad	M	C	51	Accounting	0	1	
16	Chin Kwai Yoong	Astro All Asia Networks Be	M	C	58	Accounting	1	1	
15	Chin Yong Chong	Guinness Anchor Berhad	M	C	74	Law	1	12	
18	Choo Tak Won	WCT Engineering Berhad	M	C	51	Accounting	0	8	
19	Christopher Kok Swee Kiat	TA Enterprise Berhad	M	C	40	Law	0	1	
20	Datin Paduka Siti Sa'adiyah Sheikh Bakar	Bursa Malaysia Berhad	F	M	65	Economy	1	3	Retired government officer
21	Dato' Ab. Halim bin Mohyiddin	Digi Com Berhad	M	M	62	Accounting	10	2	
	"	KNM Group Berhad							
22	Dato' Abdul Kadir Mohd Deen	Media Prima Berhad	M	M	64	Art	0	1	Retired government officer
23	Dato' Abdul Wahid Omar	Bursa Malaysia Berhad	M	M	43	Accounting	2	3	



24	Dato' Abdullah Mohd. Yusoff	MMC Corporation Berhad	M	M	68	Law	4	5	
	"	Tradewinds Corporation Berhad							
	"	Zelan Berhad							
25	Dato' Ahmad Ibniহার	Malaysian Resources Corporation Berhad	M	M	58	Economy	1	7	
26	Dato' Ahmad Sufian	Malaysian Bulk Carriers Berhad	M	M	56	Marine Science	3	11	
27	Dato Anwardin Ahmad Osman	Fraser & Neave Holdings Berhad	M	M	64	Art	0	2	Retired government officer
28	Dato' Baharuddin Musa	Tradewinds Corporation Berhad	M	M	68	Art	4	4	
29	Dato' Chan Choon Ngai	RHB Capital Berhad	M	C	52	Engineering	0	12	
30	Dato' Cheong Keap Tai	YTL Berhad	M	C	59	Accounting	2	3	
31	Dato' Chew Kong Seng	AEON Co. (M) Berhad	M	C	69	Accounting	3	15	
	"	Guocoland (Malaysia) Berhad							
	"	Petronas Dagang Berhad							
32	Dato' Dr. Abdul Rahim Haji Daud	Telekom Malaysia Berhad	M	M	58	Engineering	0	9	
33	Dato' Dr. Arshad Hashim	Bintulu Port	M	M	59	Art	2	2	Retired government officer
34	Dato' Dr. Megat Abdul Rahman Megat Ahmad	Boustead Corporation Berhad	M	M	66	Commerce	6	5	Retired government officer
	"	Zelan Berhad	M	M	66	Commerce	6	17	
35	Dato' Dr. Mohamed Ishak b. Mohamed Ariff	Public Bank Berhad	M	M	72	Architecture	3	6	
36	Dato' Dr. Mohd. Aminuddin Mohd. Rouse	STAR Publications Malaysia Berhad	M	M	62	Science	2	10	Retired government officer
37	Dato' Dr. Mohd. Shahari Ahmad	EON Capital Berhad	M	M	71	Art	6	1	Retired government officer
	"	Malaysian Resources Corporation Berhad							
	"	Media Prima Berhad							
38	Dato' Dr. Radzuan A. Rahman	Kulim Malaysia Berhad	M	M	64	Agriculture	2	1	Retired government officer
39	Dato' Dr. Rahman Ismail	Puncak Niaga Holdings Berhad	M	M	49	Medicine	0	2	Retired government officer
40	Dato' Dr. Tan Tat Wai	Titan Chemicals Corporation Berhad	M	C	61	Economic	0	16	
41	Dato' Dr. Wan Abdul Aziz	MISC Berhad	M	M	62	Art			Retired government officer
42	Dato' Dr. Yahya bin Ismai	YTL Berhad	M	M	79	Veterinary Science	4	11	Retired government officer
	"	YTL Power Berhad							
43	Dato' Faisal Siraj	RHB Capital Berhad	M	M	62	Accounting	3	1	
44	Dato' Fauziah Ismail	Sapuracrest Petroleum Berhad	F	M	65	Art	3	6	Retired government officer

45	Dato' Fuad Jaafar	Tenaga Nasional berhad	M	M	64	Technology	0	1	
46	Dato' Haji Abdul Aziz Omar	LPI Capital Berhad	M	M	60	Accounting	4	6	
		Public Bank Berhad							
47	Dato' Haji Idris Haji Buang	Sarawak Electricity Berhad	M	M	54	Law	2	7	
48	Dato' Haji Zakaria Zamsuddin	IOI Property Berhad	M	M	67	Arts	0	6	Retired government officer
49	Dato' Halipah Binti Esa	KLCC Property Holdings Berhad	F	M	57	Economy	2	1	Retired government officer
	"	MISC Berhad							
50	Dato' Hamzah Bakar	Bumiputera Commerce Asset Holdings Berhad	M	M	64	Economy	3	1	
51	Dato' Haron Siraj	Kulim Malaysia Berhad	M	M	53	Economy	2	1	Retired government officer
52	Dato' Hassan Abdul Mutalip	Pakson Berhad	M	M	62	Police Science	0	6	Retired government officer
53	Dato' Hj. Abdul Shukor Jaafar	YTL Cement Berhad	M	M	65	Defense	0	10	Retired government officer
54	Dato' Hj. Kamaruzzaman Mohamed	Hong Leong Finance Group Berhad	M	M	77	Public Admin.	1	26	Retired government officer
55	Dato' Hj.Md. Yusoff	Berjaya Corporation Berhad	M	M	60	Social Science	0	2	
56	Dato' Ir Chew Swee Hock	Linkaran Trans Kota Holdings Berhad	M	C	64	Engineering	1	11	
57	Dato' Ir Kamarul Zaman Mohd. Ali	Gamuda Berhad	M	M	71	Engineering	1	17	
58	Dato' Ir. Abdul Rahim	UEM World Berhad	M	M	62	Engineering	2	1	Retired government officer
59	Dato' Izham Mahmud	Aminvestment Group Berhad	M	M	66	Economy	3	4	
	"	AMMB Holdings Berhad							
60	Dato' Jaafar Indot	Guinness Anchor Berhad	M	M	73	Business Studies	4	26	
	"	Shell Refining Company Malaysia Berhad							
61	Dato' Johari Mohamed	Kulim Malaysia Berhad	M	M	58	Engineering	1	14	Retired government officer
62	Dato' Jorgan Bornhoff	Hap Seng Plantation Holdings Berhad	M	Danish	66	Accounting	0	1	
63	Dato' Kalsom Abd. Rahman	MISC Berhad	F	M	58	Economy	2	3	Retired government officer
64	Dato' Kamaruddin bin Mohd. Jamal	Petronas Dagang Berhad	M	M	64	Business Studies	0	5	
65	Dato' Larry Gan Nyap @ Gan Nyap Liow	Aminvestment Group Berhad	M	C	52	Accounting	0	13	
	"	Tanjong Berhad							
66	Dato' Lee Yee Cheong	UMW Holdings Berhad	M	C	71	Engineering	0	6	Retired government officer
67	Dato' Leong Au Hin	KLCC Property Holdings Berhad	M	C	60	Economy	2	3	
68	Dato' Leong Khee Seang	Airasia Berhad	M	C	69	Engineering	3	2	
69	Dato' Lim Kheng Guan	Telekom Malaysia Berhad	M	C	64	Accounting	0	6	

70	Dato' Lim Say Chong	Mulpha International Berhad	M	C	67	Economic	3	1	
71	Dato' Lin Yun Ling	Linkaran Trans Kota Holdings Berhad	M	C	51	Engineering	1	26	
72	Dato' Ling Keak Ming	Magnum Corporation Berhad	M	C	50	No Record	0	7	
73	Dato' Loh Say Bee	Oriental Holdings Berhad	M	C	83	No Record	1	43	
74	Dato' Micheal Lim Heen Peok	Proton Holdings Berhad	M	C	59	Engineering	2	1	Retired government officer
75	Dato' Mohamad tarmizi Mohd Tahir	OSK Holdings Berhad	M		71	Arts	0		
76	Dato' Mohamed Idris Saman	AEON Co. (M) Berhad	M	M	63	Defense Studies	0	7	Retired government officer
77	Dato' Mohamed Khadar Merican	Airasia Berhad	M	M	51	Accounting	2	4	Retired government officer
	"	Astro All Asia Networks Be							
	"	RHB Capital Berhad							
78	Dato' Mohamed Zakri Abdul Rashid	Dialog Group Berhad	M	M	65	Arts	0	8	
79	Dato' Mohd. Salleh Harun	Titan Chemicals Corporation Berhad	M	M	63	Accounting	0	3	Retired government officer
80	Dato' Mohzani Wahab	Shell Refining Company Malaysia Berhad	M	M	54	Economy	0	6	
81	Dato' Muhamad Sulaiman	Sime Darby Berhad	M	M	69	Account	2	23	
82	Dato' Murad Mohammed	Lion Diversified Holdings Berhad	M	M	74	Art	2	18	Retired government officer
	"	Pakson Berhad							
83	Dato' Mustafa b. Mohd. Ali	Affin Holdings Berhad	M	C	70	Economy	1	5	
84	Dato' N. Sadasivan	Petronas Gas Berhad	M	I	67	Economy	7	12	
	"	Malaysia Airline System Berhad							
85	Dato' Nordin baharuddin	Sarawak Electricity Berhad	M	M	58	Accounting	3	2	
86	Dato' Oh Chong Peng	IJM Corporation Berhad	M	C	63	Accounting	4	4	
	"	IJM Plantation Berhad							
87	Dato' Paduka Nik Hashim Nik Yusoff	Genting Berhad	M	M	70	Arts	2	28	
88	Dato' Prof. Dr. Tunku Ismail bin Tunku Mohammad Jawa	Oriental Holdings Berhad	M	M	71	Business Studies	1	6	Retired government officer
89	Dato' Richard Ho Ung Hun	Maybank Berhad	M	C	80	Law	2	24	Ex. Cabinet Minister
90	Dato' Seri Hwang Sing	Bursa Malaysia Berhad	M	C	79	Finance	3	3	
91	Dato' Seri Megat Najmuddin B. Datuk Seri Haji Megat Khas	Dialog Group Berhad	M	M	63	Law	4	5	
92	Dato' Seri Mohamad Jawhar	Media Prima Berhad	M	M	63	Art	0	1	Retired government officer
93	Dato' Shafei Salleh	Titan Chemicals Corporation Berhad	M	M	62	Art	0	1	Ex. Cabinet Minister
94	Dato' Shaik Daud Mohd. Ismail	Time.Com Berhad	M	M	72	Law	1	3	Retired government officer
95	Dato' Sri Liang Kim Bang	MISC Berhad	M	C	70	Art	5	32	
	"	PPB Group Berhad							

96	Dato' Syed Mohamed Syed Murtaza	DRB Hicom Berhad	M	M	59	Business Studies	2	2	
97	Dato' Tajuddin Atan	Malaysian Bulk Carriers Berhad	M	M	56	Agribusiness	2	1 Month	
98	Dato' Talhat Hussain	Shell Refining Company Malaysia Berhad	M	M	53	Political Sc.	2	1	Retired government officer
99	Dato' Wira Syed Abdul Jabbar Syed Hassan	STAR Publications Malaysia Berhad	M	M	68	Economy	4	11	
100	Dato' Wong Puan Wan	Bursa Malaysia Berhad	M	C	60	Economy	2	1	
	"	Multi-Purpose Holdings Berhad							
101	Dato' Yeoh Chin Kee	LPI Capital Berhad	M	C	65	Finance	4	29	
	"	Public Bank Berhad							
102	Dato' Yogalingham	YTL Cement Berhad	M	I	62	Art	0	3	Retired government officer
103	Dato' Yusoff Din	Boustead Corporation Berhad	M	M	77	Defense	0	18	Retired government officer
104	Dato' Zainal Abidin Bin Putih	Tenaga Nasional berhad	M	M	61	Accounting	6	4	
	"	Bumiputera Commerce Asset Holdings Berhad							
105	Dato' Zawawi Mahmud	AEON Co. (M) Berhad	M	M	62	Art	0	6	Retired government officer
106	Datu Haji Abang Halmi Ikhwan	Bintulu Port	M	M	59	Economy	0	3	Retired government officer
107	Datuk Haji Yusoff Haji Mohamed Kassim	Malaysia Airline System Berhad	M	M	58	Economy	1	1	Retired government officer
108	Datuk Abang Haji Abdul Karim	Banda Raya Developments Berhad	M	M	61	Economy	0	8	
109	Datuk Abdul Rahman bin Mohd. Ramli	DRB Hicom Berhad	M	M	70	Accounting	5	8	
		Kuala Lumpur Kepong Berhad							
110	Datuk Ahmad Zaki Zahid	Malaysian Resources Corporation Berhad	M	M	37	Law	0	2	
111	Datuk Ainon Marziah bt Wahi	Petronas Dagang Berhad	F	M	56	Art	0	5	Retired government officer
112	Datuk Alias Haji Ahmad	Airasia Berhad	M	M	60	Economy	2	3	
	"	Airport Holdings Berhad							Retired government officer
113	Datuk Amar Wilson Baya Dandot	Malaysia Airline System Berhad	M	B	56	Economy	0	0.2	Retired government officer
114	Datuk Azzat Kamaludin	Affin Holdings Berhad	M	M	62	Law	6	16	Retired government officer

115	Datuk Dr. Hussein Awang	Hong Leong Bank Berhad	M	M	67	Medicine	4	13	
116	Datuk Dr. Nik Mohd Zain Nik Yusoff	E & O Property Development Berhad	M	M	60	Art	2	4	
117	Datuk Dr. Syed Muhamad Syed Abdul Kadir	Bumiputera Commerce Asset Holdings Berhad	M	M	61	Business Studiesistration	4	1	
118	Datuk Haji Mohamad Morshido Abdul Ghani	Malaysia Airline System Berhad	M	M	51	Economy	0	0.1	
119	Datuk Haji Mohd. Khalil b. Dato' Haji Mohd Nor	IOI Corporation Berhad	M	M	66	Economy	4	6	Ex. Government Officer
120	Datuk Harun bin Din	PPB Group Berhad	M	M	73	Art	0	2	
121	Datuk Hashim Ismail	Bintulu Port	M	M	62	Art	0	2	Retired government officer
122	Datuk Henry Chin Pow Wu	Magnum Corporation Berhad	M	C	64	Defense	6	7	Retired government officer
123	Datuk Ismail Mansor Said	Lion Diversified Holdings Berhad	M	M	58	Economy	1	12	Retired government officer
124	Datuk Jur Jazlan Tan Sri Mohamed	Telekom Malaysia Berhad	M	M	42	Accounting	5	3	
125	Datuk K. Ravindran	Plus Expressway Berhad	M	I	50	Science	0	5	
126	Datuk Khatijah Ahmad	Sime Darby Berhad	F	M	67	Economy	3	11	
127	Datuk Maizan Shaari	Berjaya Land Development Berhad	M	M	60	Arts	1	3	
128	Datuk Mohamed Nazim b. Abdul Razak	Hong Leong Bank Berhad	M	M	45	Architecture	3	4	
129	Datuk Mohd. Zain Abdul Majid	Petronas Gas Berhad	M	M	68	Economy	0	5	
130	Datuk Oh Chong Peng	RHB Capital Berhad	M	C	63	Accounting	0	19	
131	Datuk Panglima Mohd. Annuar Zaini	Berjaya Corporation Berhad	M	M	57	Economy	4	2	Retired government officer
	"	Malaysia Airline System Berhad							
132	Datuk Rajasingam a/l Mayilvaganam	PPB Group Berhad	M	I	65	Engineering	0	2	
133	Datuk Razman Md. Hashim	Berjaya Land Development Berhad	M	M	68	Accounting	7	1	
134	Datuk Seri Panglima Sheng Lau Ho	Sime Darby Berhad	M	C	61	Law	0	1	Retired government officer
135	Datuk Siti Maslamah bt Osman	Airport Holdings Berhad	F	M	60	Accounting	0	4	Retired government officer
136	Datuk Yahya Yaacob	IJM Corporation Berhad	M	M	63	Art	4	8	
137	Datuk Zainuddin Mohamad	IOI Property Berhad	M	M	62	Urban Planning	1	6	Retired government officer
138	David William Berry	Bousted Heavy Industry Corporation Berhad	M	N. Zealand	60	Finance	0	1	
139	Dr. Choong Tuck Yew	OSK Holdings Berhad	M	C	69	Accounting	2	0	
140	Dr. Junid Abu Saham	Dialog Group Berhad	M	M	65	Economy	3	12	Retired government officer

141	Dr. Leong Chik Weng	UMW Holdings Berhad	M	C	45	Engineering	1	1	
142	Dr. Ngo get Ping	OSK Holdings Berhad	M	C	49	Engineering	1	0	
143	Dr. Sarifuddin A. Hamid	Tradewinds (M) Berhad	M	M	64	Agriculture	0	4	Retired government officer
144	En Peng Meng	YTL Berhad	M	C	72	Commerce	2	4	
145	En. Abdul Jabar Abdul Majid	Proton Holdings Berhad	M	M	62	Accounting	3	4	
	"	Tradewinds Corporation Berhad							
146	En. Hasni Harun	EON Capital Berhad	M	M	50	Accounting	6	1	
147	En. Mohd. Din Jusoh	Asiatic Development Berhad	M	M	64	Business studies	1	27	
148	Eu Peng Meng	YTL Cement Berhad	M	C	72	Commerce	2	4	
149	Fam Lee Ee	Airasia Berhad	M	C	47	Law	0	3	
150	Folk Jee Yoong	Pakson Berhad	M	C	46	Accounting	0	6	
151	Gee Siew Yong	Sapuracrest Petroleum Berhad	M	C	58	Accounting	0	6	
152	Gen @ Tan Sri Mohd Zaini bin Haji Zainuddin	Asiatic Development Berhad	M	M	60	Defence	5	6	Retired government officer
	"	Banda Raya Developments Berhad							
	"	Resort World Berhad							
	"	Wan Seong Corporation Berhad							
153	George Leong Chee Fook	Lion Diversified Holdings Berhad	M	C	61	Economy	0	6	
154	Haji Mohd Hashir bin Haji Abdullah	Maybank Berhad	M	M	71	Accounting	4	11	
155	Halim Haji Din	MMC Corporation Berhad	M	M	62	Accounting	3	5	
156	Halim Haji Din	Wan Seong Corporation Berhad	M	M	62	Accounting	3	5	
157	Harry K Menon	MISC Berhad	M	I	57	Accounting	4	6	
158	Ibrahim bin Marsadi	Petronas Dagang Berhad	M	M	55	Economy	0	5	
159	Ir. Prabahar N.K Singam	Telekom Malaysia Berhad	M	I	46	Engineering	0	6	
160	Izam Yusof	Bursa Malaysia Berhad	M	M	40	Accounting	2	3	
161	Jeremy Derek Campbell	United Plantations Berhad	M	British	67	Agriculture	0	6	
162	Jeremy Nasrul Haq	Airport Holdings Berhad	M	M	55	Accounting	0	1	
163	Jory Leong Kam Weng	TA Enterprise Berhad	M	C	44	Economic	0	4	
164	Kamaruddin Abdul Kadir	Time.Com Berhad	M	M	65	Engineering	0	6	
165	Keong Choon Keat	Malaysia Airline System Berhad	M	C	63	Accounting	6	6	
166	Khoo Khee Ming	IJM Plantation Berhad	M	C	65	Agriculture	0	3	
167	Kong Wah Seng	Mulpha International Berhad	M	C	49	Economy	0	5	
168	Kua Hwee Sim	Kulim Malaysia Berhad	F	C	55	Accounting	0	8	
169	Lau Teong-Jin	Hap Seng Consolidated Berhad	M	C	65	Law	4	3	
170	Lin Yu Tey	KNM Group Berhad	M	C	67	Commerce	0	4	
171	Lt Gen @ Dato' Haji Abdul Jamil bin Haji Ahmad	Asiatic Development Berhad	M	M	79	Defense	1	27	Retired government officer

172	Lt General @ Datuk Abdul Aziz bin Hassan	Hap Seng Consolidated Berhad	M	M	60	Social Science	2	4	Retired government officer
173	Martin Gilbert Barrow	Malaysia Airline System Berhad	M	I	64	Science	0	6	
174	Md. Ali Md. Dewai	UEM World Berhad	M	M	67	Business studies	0	4	
175	Megat Dzainuddin Megat Mohamed	Alliance Finance Group Berhad	M	M	62	Economic	0	2	
176	Mej Jen (B) Dato' Haron bin Mohd. Taib	YTL Berhad	M	M	72	Defense	1	11	Retired government officer
	"	YTL Power Berhad							
177	Mej. Gen Dato' Mohamed Isa Che kak	Affin Holdings Berhad	M	M	72	No. Record	2	16	Retired government officer
178	Micheal Wong Pakshong	Sime Darby Berhad	M	C	76	Account	0	26	-
179	Mohamad Nasir Ab. Latif	United Plantations Berhad	M	M	49	Economic	0	3	
180	Mohamad Rashidi Mohd. Ghazali	Sapuracrest Petroleum Berhad	M	M	51	No Record	1	4	
181	Mohamed Salleh Gomu	Berjaya Sport & Toto Berhad	M	M	57	Law	1	8	Retired government officer
182	Mohammad bin Abdullah	Maybank Berhad	M	M	66	Accounting	2	12	
	"	Malaysian Bulk Carriers Berhad	M	M	67	Accounting	2	4	
183	Mohd. Adzhar Abd. Wahab	Kencana Petroleum Berhad	M	M	43	Accounting	0	1	
184	Mohd. Zain Ahmad	Berjaya Corporation Berhad	M	M	55	Law	0	2	Retired government officer
185	Mr. Chales Lew Foon	RHB Capital Berhad	M	C	50	Finance	1	2	
186	Mr. Chew Peng	Hong Leong Bank Berhad	M	C	66	Accounting	0	6	
187	Mr. Chin Kwai Yoong	Genting Berhad	M	C	59	Accounting	1	1	
188	Mr. Geh Cheng Hooi	Plus Expressway Berhad	M	C	73	Accounting	6	20	
189	Mr. Geh Cheng Hooi	STAR Publications Malaysia Berhad	M	C	73	Accounting	9	5	
190	Mr. Leong Wai Hoong	Tanjong Berhad	M	C	61	Arts	0	2	
191	Mr. Leslie Oswin Strays	Fraser & Neave Holdings Berhad	M	C	70	Economic	0	6	
192	Mr. Lim Eng Ho	Magnum Corporation Berhad	M	C	62	Business studies	0	7	
193	Mr. Pragasa Moorthi	KLCC Property Holdings Berhad	M	I	60	Quantity Surveyor	1	3	
194	Mr. Tan Keon Yin	Hong Leong Bank Berhad	M	C	63	Economic	3	13	
195	Mr. Wizayaratnam Somasundram	EON Capital Berhad	M	I	68	Economic	1	5	
196	Mr. Wong Chin Yen	Gamuda Berhad	F	C	47	Law	1	14	
197	Mr. Wong Shiang	Magnum Corporation Berhad	M	C	42	Accounting	0	7	
198	Muri Muhammad	Petronas Gas Berhad	M	M	54	Science	0	11	
199	Ong Aun Kung	E & O Property Development Berhad	M	C	52	Property Management	0	8	
200	Ong Le Cheong	DRB Hicom Berhad	M	C	66	Science	2	2	
201	Ooi Teik Huat	Tradewinds Plantation Berhad	M	C	47	Accounting	0	1	

202	Patrick Houghtok Walc	Hap Seng Plantation Holdings Berhad	M	Danish	53			1	
203	Peter Selvarajah	United Plantations Berhad	M	I	68	Accounting	0	12	
204	Peter U Chin Wei	TA Enterprise Berhad	M	C	57	Accounting	0	8	
205	Quah Chin Chye	Top Glove Berhad	M	C	53	Accounting	0	6	Retired government officer
206	Quah Poh Keat	Plus Expressway Berhad	M	C	55	Accounting	0	0.2	
207	Rahimah Mahmood	TA Enterprise Berhad	F	M	50	Business studies	0	1	
208	Raja Abidin Raja Shahrome	IOI Property Berhad	M	M	62	Business studies	0	18	
209	Raja Dato' Seri Abdul Aziz b. Raja Salim	Gamuda Berhad	M	M	69	Accounting	10	6	
	"	PPB Group Berhad							
210	Raja Dato' Seri Aman bin Raja Ahmad	Affin Holdings Berhad	M	M	62	Accounting	0	16	Retired government officer
211	Raja Tan Sri Muhammad Alias b Raja Muhd Ali	Batu Kawan Berhad	M	M	76	Arts	6	28	
	"	Kuala Lumpur Kepong Berhad							
	"	Maybank Berhad							
212	Ralph Marshall	KLCC Property Holdings Berhad	M	I	55	Accounting	3	2	
213	Ramachandran Nair	IJM Plantation Berhad	M	I	69	Agriculture	0	1	
214	Raymond Tein	RB Land Berhad	M	C	47	Business studies	1	7	
215	Rayvin Tan Yeong Sheik	Berjaya Sport & Toto Berhad	M	C	28	Accounting	0	1	
216	Ronnie Kok Lai Huat	Time.Com Berhad	M	C	53	Business studies	0	1	
217	Rosli Man	Telekom Malaysia Berhad	M	M	54	Engineering	0	6	
218	Sahibudeen Abdul Kadir	Multi-Purpose Holdings Berhad	M	M	54	Business studies	1	5	
219	Saw Ewe Seng	Lafarge Malayan Cement Berhad	M	C	69	Engineering	0	7	
220	Sekarajasekaran Arasarathnam	Top Glove Berhad	M	I	79	Engineering	0	7	
221	Shahril Ridza Ridzuan	Media Prima Berhad	M	M	38	Law	0	6	
222	Stephen Gen Sin	Alliance Finance Group Berhad	M	C	52	Accounting	0	3	
223	Tai Kai Seng	IGB Corporation Berhad	M	C	56	Accounting	0	3	
224	Tan Keok Yin	Guocoland (Malaysia) Berhad	M	C	63	Economic	3	6	
	"	Malaysian Pacific Industries Berhad							
225	Tan Siat Tee	Sunway City Berhad	M	C	67	Accounting	2	6	
226	Tan Sri A. Razak Ismail	Lafarge Malayan Cement Berhad	M	M	65	Public Admin	5	3	Retired government officer
227	Tan Sri Ab. Rahman Omar	Wan Seong Corporation Berhad	M	C	62	Economic	4	4	
228	Tan Sri Abdul Halim Ali	IJM Corporation Berhad	M	M	64	Arts	4	1	Retired government officer



229	Tan Sri Alwi Jantan	Guinness Anchor Berhad	M	M	73	Arts	5	13	Retired government officer
230	Tan Sri Clifford Francis Herbert	Resort World Berhad	M	I	66	Public Admin.	2	5	Retired government officer
231	Tan Sri Dato' Dr. Lin See Yan	Fraser & Neave Holdings Berhad	M	C	68	Economic	6	11	
232	Tan Sri Dato' Dr. Sak Cheng Lum	STAR Publications Malaysia Berhad	M	C	63	Medicine	2	6	Retired government officer
233	Tan Sri Dato' Dr. Teng Chew Ping	Puncak Niaga Holdings Berhad	M	C	65	Art	5	7	
234	Tan Sri Dato' Ernest Zulliger	NESTLE Malaysia Berhad	M	Swiss	75	Business studies	0	24	
235	Tan Sri Dato' Hari Narayanan	Puncak Niaga Holdings Berhad	M	I	57	Engineering	3	12	
	"	Setia Berhad							
	"	Tenaga Nasional berhad							
236	Tan Sri Dato' Ir (Dr) Wan Abdul Rahman	MMC Corporation Berhad	M	M	66	Civil Engineering	6	8	Retired government officer
237	Tan Sri Dato' Ir Taha bin Haji Mohd. Hashim	Sunway City Berhad	M	M	72	Engineering	7	17	
238	Tan Sri Dato' Jaafar Abdul	Berjaya Sport & Toto Berhad	M	M	75	No record	7	18	Retired government officer
	"	Pakson Berhad							
239	Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	Tenaga Nasional berhad	M	C	58	Accounting	3	6	
240	Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor	Maybank Berhad	M	M	58	Engineering	6	3	
241	Tan Sri Dato' Mohamad Noordin	UMW Holdings Berhad	M	M	68	Economic	1	4	
242	Tan Sri Dato' Mohd Ramli b. Kushairi	Gamuda Berhad	M	M	71	Social Science	3	6	
243	Tan Sri Dato' Mohd. Ibrahim	AMMB Holdings Berhad	M	M	64	Business studies	5	3	Retired government officer
244	Tan Sri Dato' Nasaruddin bin Bahari	Linkaran Trans Kota Holdings Berhad	M	M	69	Art	4	11	Retired government officer
245	Tan Sri Dato' Seri Haidar Mohamed Nor	Bumiputera Commerce Asset Holdings Berhad	M	M	68	Law	1	1	
246	Tan Sri Dato' Seri Haji Zainul Ariffin	Gamuda Berhad	M	M	61	Business Studies.	3	3	
247	Tan Sri Dato' Seri Khalid Ahmad	Hong Leong Finance Group Berhad	M	M	71	Law	2	25	Retired government officer
	"	IGB Corporation Berhad							
248	Tan Sri Dato' Seri Syed Anwar Jamalullail	NESTLE Malaysia Berhad	M	M	56	Accounting	6	5	
249	Tan Sri Dato' Thong Yaw Hong	Batu Kawan Berhad	M	C	77	Economic	9	12	Retired government officer
	"	Kuala Lumpur Kepong Berhad	M	C	77	Economic	9	20	
	"	Public Bank Berhad	M	C	77	Economic	9	21	

250	Tan Sri Datuk Abdul Rahim	Berjaya Corporation Berhad	M	M	77	Arts	0	2	Retired government officer
251	Tan Sri Datuk Amar Leo Moggie	Digi Com Berhad	M	B	66	Business	1	2	Ex.Cabinet Minister
252	Tan Sri Datuk Anuar Abd. Hamid	Sapuracrest Petroleum Berhad	M	M	62	Economic	1	4	Retired government officer
	"	Tradewinds Corporation Berhad	M	M	62	Economic	1	6	
253	Tan Sri Datuk Arshad Ayub	Kulim Malaysia Berhad	M	M	79	Agriculture	8	20	Retired government officer
	"	Top Glove Berhad							
254	Tan Sri Datuk Asmat Kamaluddin	Malaysian Pacific Industries Berhad	M	M	64	Economic	10	5	Retired government officer
255	Tan Sri Datuk Cliford	Aminvestment Group Berhad	M	I	65	Public Administration	5	2	Retired government officer
	"	AMMB Holdings Berhad	M	I	65	Public Administration	5	3	
256	Tan Sri Datuk Dr. Aris Othman	Aminvestment Group Berhad	M	M	62	Economic	5	3	Retired government officer
	"	AMMB Holdings Berhad							
	"	YTL Power Berhad							
257	Tan Sri Dr. Hashim Md. Ali	Hong Leong Finance Group Berhad	M	M	72	Business Studies	3	15	
258	Tan Sri Dr. Lin See Yan	Genting Berhad	M	C	68	Economic	6	6	
	"	Resort World Berhad							
	"	Wan Seong Corporation Berhad							
259	Tan Sri Dr. Murad Mohammad Nor	IJM Corporation Berhad	M	M	76	Administration		22	Retired government officer
260	Tan Sri Ibrahim Menudin	Sapuracrest Petroleum Berhad	M	M	62	Commerce	0	1	Retired government officer
261	Tan Sri Kamarul Ariffin b. Mohamed Yassin	RHB Capital Berhad	M	M	73	Law	1	28	
262	Tan Sri Lee Lam Thye	Media Prima Berhad	M	C	61	Education	3	4	
	"	Setia Berhad							
263	Tan Sri Marzuki Mohd. Nor	DRB Hicom Berhad	M	M	59	Art	1	1	Retired government officer
264	Tan Sri Nik Mohamad Nik Yaakob	Guocoland (Malaysia) Berhad	M	M	58	Engineering	5	2	
265	Tan Sri Razali Ismail	Plus Expressway Berhad	M	M	69	Political Science	3	5	Retired government officer
266	Tan Sri Sew Huat Lye	Shell Refining Company Malaysia Berhad	M	C	73	Economic	3	23	
267	Tan Sri Wan Sidek Wan Abdul Rahman	Resort World Berhad	M	M	72	Economic	5	10	Retired government officer
268	Tan Yuen Fan	Alliance Finance Group Berhad	M	C	63	Accounting	0	2	
269	Tay Beng Chai	Malaysian Bulk Carriers Berhad	M	C	46	Law	0	4	

270	Tee Kim Chan	Alliance Finance Group Berhad	M	C	54	Law	3	3	
271	Teh Soon Poh	Maybank Berhad	M	C	71	Law	4	10	
272	Tengku Robert Hamzah	Batu Kawan Berhad	M	C	68	Architecture	1	31	
	"	Kuala Lumpur Kepong Berhad							
273	Tengku Tan Sri Dr. Mahaleel b. Tengku Ariff	NESTLE Malaysia Berhad	M	M	61	Economic	1	4	
274	Tenku Abdul Rahman Ibni Sultan Haji Ahmad Shah	Public Bank Berhad	M	M	47	Business Studies	2	23	
275	Teo Tong How	Sunway City Berhad	M	C	64	Architecture	0	6	
276	Tiong Hock Seng	Banda Raya Developments Berhad	M	C	75	Accounting	0	6	
277	Tuan Haji Johari Abas	Boustead Corporation Berhad	M	M	76	Agriculture	2	17	
278	Tuan Haji kadir Mat Kassim	Proton Holdings Berhad	M	M	67	Law	7	4	Retired government officer
	"	UEM World Berhad							
279	Tuan Haji Nordin Abdullah	Boustead Heavy Industry Corporation Berhad	M	M	56	Economic	0	1	
280	Tuan Syed Zaid Syed Albar	Malaysian Pacific Industries Berhad	M	M	53	Law	4	13	
281	Tunku Tan Sri Dato' Seri Ahmad b. Tunku Yahya	Sime Darby Berhad	M	M	78	Economic	3	29	
282	Wong Yuen Kuai	Hap Seng Plantation Holdings Berhad	M	C	54	Law	0	1	
283	Yeoh Eng Khoon	Batu Kawan Berhad	M	C	60	Economic	2	2	
	"	Kuala Lumpur Kepong Berhad							
284	Yeong Chee Wan	RB Land Berhad	M	C	47	Engineering	1	6	Retired government officer
285	Yeow Teck Chai	Pakson Berhad	M	C	57	Economic	0	1	
286	YM Professor Diaja Ungku Abdul Aziz	Plus Expressway Berhad	M	M	86	Economic	0	5	Retired government officer
287	YM Tengku Tan Sri Dato' Seri Ahmad Rithauddean bin Tengku Ismail	Oriental Holdings Berhad	M	M	76	Law	0	7	Ex. Cabinet Minister
288	Yong Soon Hian	Banda Raya Developments Berhad	M	C	60	Management Sc.	0	7	

## Structure of top 100 Malaysian PLCs' boards

31/12/2007 Current Ranking	Company Name	Sector	Leadership	Meeting/year	Remuneration (RM)		
					Executive	Non Executive	Total
1	Sime Darby Berhad	TRADING/SERVICES	Separate	14	2,011,000	1,376,000	3,387,000
2	IOI Corporation Berhad	PLANTATION	Dual	8	24,937,000	360,000	25,297,000
3	Maybank Berhad	FINANCE	Separate	16	4,465,000	3,641,000	8,106,000
4	Tenaga Nasional Berhad	TRADING/SERVICES	Separate	17	1,107,280	791,301	1,898,581
5	Public Bank Berhad	FINANCE	Separate	16	10,778,000	25,843,000	36,621,000
6	Telekom Malaysia berhad	TRADING/SERVICES	Separate	12	1,771,087	1,410,735	3,181,822
7	Bumiputera Commerce Holding Berhad	FINANCE	Separate	15	9,350,000	15,210,000	24,560,000
8	MISC Berhad	TRADING/SERVICES	Separate	7	4,278,000	1,445,000	5,723,000
9	Genting Berhad	TRADING/SERVICES	Dual	4	44,245,000	463,000	44,708,000
10	Resorts World Berhad	TRADING/SERVICES	Dual	8	44,163,000	505,000	44,668,000
11	Petronas Gas Berhad	INDUSTRIAL PRODUCTS	Separate	4	-	346,207	346,207
12	Digi Com Berhad	INFRASTRUCTURE PROJECT COS.	Separate	4	-	244,000	244,000
13	Kuala Lumpur Kepong Berhad	PLANTATION	Dual	4	2,126,000	799,000	2,925,000
14	PLUS Expressway Berhad	TRADING/SERVICES	Separate	8	1,014,000	705,000	1,719,000
15	YTL Power Berhad	INFRASTRUCTURE PROJECT COS.	Separate	5	7,469,000	227,000	7,696,000
16	MMC Corporation Berhad	TRADING/SERVICES	Separate	7	1,656,622	700,021	2,356,643
17	YTL Corporation Berhad	CONSTRUCTION	Separate	5	10,073,000	113,000	10,186,000
18	PBB Group Berhad	CONSUMER PRODUCTS	Separate	5	11,006,000	3,888,000	14,894,000
19	RHB Capital Berhad	FINANCE	Separate	23	517,000	2,162,000	2,679,000
20	British American Tobacco (M) Berhad	CONSUMER PRODUCTS	Separate	8	7,607,645	517,556	8,125,201
21	Hong Leong Bank Berhad	FINANCE	Separate	10	2,859,335	945,404	3,804,739

22	Gamuda Berhad	CONSTRUCTION	Separate	4	4,963,000	5,360,000	10,323,000
23	Pakson Holdings Berhad	TRADING/SERVICES	Dual	5	130,000	175,000	305,000
24	AMMB Holdings Berhad	FINANCE	Separate	13	2,866,000	3,647,000	6,513,000
25	Petronas Dagang Berhad	TRADING/SERVICES	Separate	6	-	274,000	274,000
26	UMW Holdings Berhad	CONSUMER PRODUCTS	Separate	10	1,546,000	673,000	2,219,000
27	Malaysia Airline System Berhad	TRADING/SERVICES	Separate	11	3,110,000	754,000	3,864,000
28	KNM Group Berhad	INDUSTRIAL PRODUCTS	Separate	5	2,187,380	222,035	2,409,415
29	Bursa Malaysia Berhad	FINANCE	Separate	13	1,968,000	1,981,000	3,949,000
30	Tanjong Berhad	TRADING/SERVICES	Separate	8	230,000	1,195,000	1,425,000
31	IJM Corporation Berhad	CONSTRUCTION	Separate	5	4,685,000	394,000	5,079,000
32	Berjaya Land Berhad	TRADING/SERVICES	Separate	5	1,136,000	107,000	1,243,000
33	Berjaya Sport & Toto Berhad	TRADING/SERVICES	Separate	4	6,140,000	524,000	6,664,000
34	Astro All Asia Networks Be	TRADING/SERVICES	Separate	6	3,367,899	1,216,626	4,584,525
35	Asiatic Development Berhad	PLANTATION	Separate	4	1,509,000	1,005,000	2,514,000
36	Hong Leong Finance Group Berhad	FINANCE	Separate	4	4,102,688	3,185,700	7,288,388
37	NESTLE Malaysia Berhad	CONSUMER PRODUCTS	Separate	4	2,929,000	169,000	3,098,000
38	UEM World Berhad	CONSTRUCTION	Separate	9	156,000	633,000	789,000
39	Setia Berhad	PROPERTY	Separate	5	15,223,000	2,247,000	17,470,000
40	Lafarge Malayan Cement Berhad	INDUSTRIAL PRODUCTS	Separate	6	1,882,114	280,000	2,162,114
41	Batu Kawan Berhad	PLANTATION	Dual	4	1,247,000	653,000	1,900,000
42	Aminvestment Group Berhad	FINANCE	Separate	11	-	6,885,000	6,885,000
43	Alliance Finance Group Berhad	FINANCE	Separate	13	-	663,000	663,000
44	Magnum Corporation Berhad	TRADING/SERVICES	Separate	8	1,067,156	783,620	1,850,776
45	EON Capital Berhad	FINANCE	Separate	8	-	2,389,000	2,389,000
46	Berjaya Corporation Berhad	TRADING/SERVICES	Dual	5	35,000	87,000	1,122,000
47	Malaysian Bulk Carriers Berhad	TRADING/SERVICES	Separate	4	230,750	364,250	595,000

48	IOI Property Berhad	PROPERTY	Dual	7	7,002,000	192,000	7,194,000
49	Boustead Corporation Berhad	PLANTATION	Separate	4	2,662,000	656,000	3,318,000
50	Affin Holdings Berhad	FINANCE	Separate	7	459,500	606,150	1,065,650
51	Airasia Berhad	TRADING/SERVICES	Separate	4	3,090,000	696,000	3,786,000
52	Sarawak Electricity Berhad	TRADING/SERVICES	Separate	5	851,010	365,650	1,216,660
53	Oriental Holdings Berhad	CONSUMER PRODUCTS	Separate	7	7,175,000	529,000	7,704,000
54	Shell Refining Company Malaysia Berhad	INDUSTRIAL PRODUCTS	Separate	5	881,000	165,300	1,046,300
55	IGB Corporation Berhad	PROPERTY	Separate	4	2,609,357	399,690	3,009,047
56	Airport Holdings Berhad	TRADING/SERVICES	Separate	16	683,041	517,100	1,200,141
57	KLCC Property Holdings Berhad	PROPERTY	Separate	4	-	236,500	236,500
58	Zelan Berhad	CONSTRUCTION	Separate	9	,531,000	41,000	3,072,000
59	Fraser & Neave Holdings Berhad	CONSUMER PRODUCTS	Separate	7	,792,000	64,000	2,556,000
60	WCT Engineering Berhad	CONSTRUCTION	Separate	4	6,018,316	1,107,919	7,126,235
61	United Plantations Berhad	PLANTATION	Separate	5	3,221,083	404,000	3,625,083
62	Dialog Group Berhad	TRADING/SERVICES	Separate	6	1,796,000	136,500	1,932,500
63	HAP Seng Plantation Holdings Berhad	PLANTATION	Separate	3	672,000	98,000	770,000
64	STAR Publications Malaysia Berhad	TRADING/SERVICES	Separate	5	0,789,226	658,489	11,447,715
65	YTL Cement Berhad	INDUSTRIAL PRODUCTS	Separate	6	,459,000	38,000	3,897,000
66	Bintulu Port Berhad	TRADING/SERVICES	Separate	6	1,492,382	789,800	2,282,182
67	Media Prima Berhad	TRADING/SERVICES	Separate	9	3,712,237	954,501	4,666,738
68	Kulim Malaysia Berhad	PLANTATION	Separate	5	2,102,958	543,668	2,646,626
69	Titan Chemicals Corporation Berhad	INDUSTRIAL PRODUCTS	Separate	6	4,320,615	745,500	5,066,115
70	Sunway City Berhad	PROPERTY	Separate	5	5,924,171	132,000	6,056,171
71	Malaysian Resources Corporation Berhad	CONSTRUCTION	Separate	8	1,162,000	413,000	1,575,000
72	Multi-Purpose Holdings Berhad	TRADING/SERVICES	Separate	7	14,337,000	1,320,000	15,657,000
73	Kencana Petroleum Berhad	TRADING/SERVICES	Separate	2	2,469,000	62,000	2,531,000
74	Tradewinds Plantation Berhad	PLANTATION	Separate	10	-	49,000	549,000

75	IJM Plantation Berhad	PLANTATION	Separate	4	,257,000	68,000	1,425,000
76	Guocoland (Malaysia) Berhad	PROPERTY	Separate	4	,131,206	56,013	1,387,219
77	Puncak Niaga Holdings Berhad	INFRASTRUCTURE PROJECT COS.	Separate	6	0,489,291	17,000	10,806,291
78	Proton Holdings Berhad	CONSUMER PRODUCTS	Separate	15	,229,278	,569,118	2,798,396
79	Mulpha International Berhad	TRADING/SERVICES	Separate	4	2,146,000	10,000	2,256,000
80	Top Glove berhad	INDUSTRIAL PRODUCTS	Dual	4	,930,000	36,000	3,066,000
81	Malaysian Pacific Industries Berhad	TECHNOLOGY	Separate	4	,716,481	65,000	2,881,481
82	Time.Com Berhad	INFRASTRUCTURE PROJECT COS.	Separate	9	-	1,143,176	1,143,176
83	Linkaran Trans Kota Holdings Berhad	INFRASTRUCTURE PROJECT COS.	Separate	5	126,000	56,100	582,100
84	E & O Property Development Berhad	PROPERTY	Dual	5	,601,000	204,000	5,805,000
85	AEON Co. (M) Berhad	TRADING/SERVICES	Separate	7	855,494	92,400	1,747,894
86	Boustead Heavy Industry Corporation Berhad	INDUSTRIAL PRODUCTS	Separate	6	8,000	64,441	192,441
87	Sapuracrest Petroleum Berhad	TRADING/SERVICES	Separate	8	,165,000	44,000	1,909,000
88	TA Enterprise Berhad	FINANCE	Separate	6	3,699,000	7,000	3,766,000
89	Wan Seong Corporation Berhad	INDUSTRIAL PRODUCTS	Separate	5	,863,000	24,000	4,187,000
90	LPI Capital Berhad	FINANCE	Separate	12	,874,000	31,000	2,505,000
91	Guinness Anchor Berhad	CONSUMER PRODUCTS	Separate	5	,078,000	59,000	4,337,000
92	Hap Seng Consolidated Berhad	TRADING/SERVICES	Separate	6	,749,000	72,000	3,121,000
93	RB Land Holdings Berhad	PROPERTY	Separate	4	,213,680	0,500	1,254,180
94	Tradewinds (M) Berhad	CONSUMER PRODUCTS	Separate	7	-	64,000	964,000
95	DRB Hicom Berhad	INDUSTRIAL PRODUCTS	Separate	8	,151,561	,848,920	5,000,481
96	OSK Holdings Berhad	FINANCE	Separate	4	06,816	87,500	694,316
97	Tradewinds Corporation Berhad	TRADING/SERVICES	Separate	13	-	32,518	932,518
98	Lion Diversified Holdings Berhad	INDUSTRIAL PRODUCTS	Separate	8	99,500	88,000	1,187,500
99	Banda Raya Developments Berhad	PROPERTY	Separate	10	,013,000	09,000	1,722,000
100	TA ANN Holdings Berhad	INDUSTRIAL PRODUCTS	Separate	5	4,060,260	67,246	4,827,506

**Top 100 Malaysian PLCs' boards' committees**

31/12/2007	Company Name	Sector	Audit	Nomination	Remuneration	Risk	Investment	ESOS	CSR
Ranking									
1	Sime Darby Berhad	TRADING/SERVICES	✓	✓	✓	✓		✓	
2	IOI Corporation Berhad	PLANTATION	✓	✓	✓				
3	Maybank Berhad	FINANCE	✓	✓	✓	✓		✓	
4	Tenaga Nasional Berhad	TRADING/SERVICES	✓	✓	✓		✓		
5	Public Bank Berhad	FINANCE	✓	✓	✓	✓			
6	Telekom Malaysia berhad	TRADING/SERVICES	✓	✓	✓			✓	
7	Bumiputera Commerce Holding	FINANCE	✓	✓	✓	✓			
8	MISC Berhad	TRADING/SERVICES	✓	✓	✓				
9	Genting Berhad	TRADING/SERVICES	✓	✓	✓				
10	Resorts World Berhad	TRADING/SERVICES	✓	✓	✓				
11	Petronas Gas Berhad	INDUSTRIAL PRODUCTS	✓	✓	✓				
12	Digi Com Berhad	INFRASTRUCTURE PROJECT COS.	✓	✓	✓				
13	Kuala Lumpur Kepong Berhad	PLANTATION	✓	✓	✓				
14	PLUS Expressway Berhad	TRADING/SERVICES	✓	✓	✓		✓		
15	YTL Power Berhad	INFRASTRUCTURE PROJECT COS.	✓	✓	✓				
16	MMC Corporation Berhad	TRADING/SERVICES	✓	✓	✓				
17	YTL Corporation Berhad	CONSTRUCTION	✓	✓	✓				
18	PBB Group Berhad	CONSUMER PRODUCTS	✓	✓	✓	✓			
19	RHB Capital Berhad	FINANCE	✓	✓	✓				
20	British American Tobacco (M) Berhad	CONSUMER PRODUCTS	✓	✓	✓				✓
21	Hong Leong Bank Berhad	FINANCE	✓	✓	✓				
22	Gamuda Berhad	CONSTRUCTION	✓	✓	✓				
23	Pakson Holdings Berhad	TRADING/SERVICES	✓	✓	✓				



24	AMMB Holdings Berhad	FINANCE	✓	✓	✓	✓			
25	Petronas Dagang Berhad	TRADING/SERVICES	✓	✓	✓				
26	UMW Holdings Berhad	CONSUMER PRODUCTS	✓	✓	✓				
27	Malaysia Airline System Berhad	TRADING/SERVICES	✓	✓	✓			✓	
28	KNM Group Berhad	INDUSTRIAL PRODUCTS	✓	✓	✓				
29	Bursa Malaysia Berhad	FINANCE	✓	✓	✓	✓	✓	✓	
30	Tanjong Berhad	TRADING/SERVICES	✓	✓	✓				
31	IJM Corporation Berhad	CONSTRUCTION	✓	✓	✓			✓	
32	Berjaya Land Berhad	TRADING/SERVICES	✓	✓	✓				
33	Berjaya Sport & Toto Berhad	TRADING/SERVICES	✓	✓	✓				
34	Astro All Asia Networks Behad	TRADING/SERVICES	✓	✓	✓	✓		✓	
35	Asiatic Development Berhad	PLANTATION	✓	✓	✓				
36	Hong Leong Finance Group Berhad	FINANCE	✓	✓	✓	✓			
37	NESTLE Malaysia Berhad	CONSUMER PRODUCTS	✓	✓	✓				
38	UEM World Berhad	CONSTRUCTION	✓	✓	✓			✓	
39	Setia Berhad	PROPERTY	✓	✓	✓	✓			
40	Lafarge Malayan Cement Berhad	INDUSTRIAL PRODUCTS	✓	✓	✓				
41	Batu Kawan Berhad	PLANTATION	✓	✓	✓				
42	Aminvestment Group Berhad	FINANCE	✓	✓	✓				
43	Alliance Finance Group Berhad	FINANCE	✓	✓	✓			✓	
44	Magnum Corporation Berhad	TRADING/SERVICES	✓	✓	✓				
45	EON Capital Berhad	FINANCE	✓	✓	✓				
46	Berjaya Corporation Berhad	TRADING/SERVICES	✓	✓	✓				
47	Malaysian Bulk Carriers Berhad	TRADING/SERVICES	✓	✓	✓				
48	IOI Property Berhad	PROPERTY	✓	✓	✓				
49	Bousted Corporation Berhad	PLANTATION	✓	✓	✓			✓	

50	Affin Holdings Berhad	FINANCE	✓	✓	✓			✓	
51	Airasia Berhad	TRADING/SERVICES	✓	✓	✓			✓	
52	Sarawak Electricity Berhad	TRADING/SERVICES	✓	✓	✓			✓	
53	Oriental Holdings Berhad	CONSUMER PRODUCTS	✓	✓	✓				
54	Shell Refining Company Malaysia	INDUSTRIAL PRODUCTS	✓	✓	✓				
55	IGB Corporation Berhad	PROPERTY	✓	✓	✓	✓		✓	
56	Airport Holdings Berhad	TRADING/SERVICES	✓	✓	✓	✓	✓		
57	KLCC Property Holdings Berhad	PROPERTY	✓	✓	✓				
58	Zelan Berhad	CONSTRUCTION	✓	✓	✓				
59	Fraser & Neave Holdings Berhad	CONSUMER PRODUCTS	✓	✓	✓				
60	WCT Engineering Berhad	CONSTRUCTION	✓	✓	✓			✓	
61	United Plantations Berhad	PLANTATION	✓	✓	✓				
62	Dialog Group Berhad	TRADING/SERVICES	✓	✓	✓	✓			
63	HAP Seng Plantation Holdings Berhad	PLANTATION	✓	✓	✓				
64	STAR Publications Malaysia Berhad	TRADING/SERVICES	✓	✓	✓				
65	YTL Cement Berhad	INDUSTRIAL PRODUCTS	✓						
66	Bintulu Port Berhad	TRADING/SERVICES	✓	✓	✓	✓			
67	Media Prima Berhad	TRADING/SERVICES	✓	✓	✓			✓	
68	Kulim Malaysia Berhad	PLANTATION	✓	✓	✓			✓	
69	Titan Chemicals Corporation Berhad	INDUSTRIAL PRODUCTS	✓	✓	✓	✓			
70	Sunway City Berhad	PROPERTY	✓	✓	✓	✓		✓	
71	Malaysian Resources Corporation	CONSTRUCTION	✓	✓	✓	✓		✓	
72	Multi-Purpose Holdings Berhad	TRADING/SERVICES	✓	✓	✓				
73	Kencana Petroleum Berhad	TRADING/SERVICES	✓	✓	✓				
74	Tradewinds Plantation Berhad	PLANTATION	✓	✓	✓				
75	IJM Plantation Berhad	PLANTATION	✓	✓	✓	✓		✓	
76	Guocoland (Malaysia) Berhad	PROPERTY	✓	✓	✓				

77	Puncak Niaga Holdings Berhad	INFRASTRUCTURE PROJECT COS.	✓	✓	✓	✓			
78	Proton Holdings Berhad	CONSUMER PRODUCTS	✓	✓	✓	✓			
79	Mulpha International Berhad	TRADING/SERVICES	✓	✓	✓				
80	Top Glove berhad	INDUSTRIAL PRODUCTS	✓	✓	✓			✓	
81	Malaysian Pacific Industries Berhad	TECHNOLOGY	✓			✓			
82	Time.Com Berhad	INFRASTRUCTURE PROJECT COS.	✓	✓	✓				
83	Linkaran Trans Kota Holdings Berhad	INFRASTRUCTURE PROJECT COS.	✓	✓	✓			✓	
84	E & O Property Development	PROPERTY	✓	✓	✓	✓			
85	AEON Co. (M) Berhad	TRADING/SERVICES	✓	✓	✓				
86	Boustead Heavy Industry Corporation	INDUSTRIAL PRODUCTS	✓	✓	✓				
87	Sapuracrest Petroleum Berhad	TRADING/SERVICES	✓	✓			✓		
88	TA Enterprise Berhad	FINANCE	✓	✓	✓		✓	✓	
89	Wan Seong Corporation Berhad	INDUSTRIAL PRODUCTS	✓	✓	✓			✓	
90	LPI Capital Berhad	FINANCE	✓	✓	✓	✓	✓	✓	
91	Guinness Anchor Berhad	CONSUMER PRODUCTS	✓	✓	✓				
92	Hap Seng Consolidated Berhad	TRADING/SERVICES	✓	✓	✓				
93	RB Land Holdings Berhad	PROPERTY	✓						
94	Tradewinds (M) Berhad	CONSUMER PRODUCTS	✓	✓	✓				
95	DRB Hicom Berhad	INDUSTRIAL PRODUCTS	✓	✓	✓				
96	OSK Holdings Berhad	FINANCE	✓	✓	✓				
97	Tradewinds Corporation Berhad	TRADING/SERVICES	✓	✓	✓				
98	Lion Diversified Holdings Berhad	INDUSTRIAL PRODUCTS	✓	✓	✓				
99	Banda Raya Developments Berhad	PROPERTY	✓	✓	✓				
100	TA ANN Holdings Berhad	INDUSTRIAL PRODUCTS	✓	✓	✓	✓		✓	

Top 100 Malaysian PLCs boards' committees (continue)

31/12/2007	Company Name	Sector	Credit	Executive	Tender	Disciplinary	Muamalat	Syariah	Share	OSHA
Ranking										
1	Sime Darby Berhad	TRADING/SERVICES		✓						
2	IOI Corporation Berhad	PLANTATION								
3	Maybank Berhad	FINANCE	✓							
4	Tenaga Nasional Berhad	TRADING/SERVICES			✓	✓				
5	Public Bank Berhad	FINANCE		✓						
6	Telekom Malaysia berhad	TRADING/SERVICES			✓					
7	Bumiputera Commerce Holding	FINANCE								
8	MISC Berhad	TRADING/SERVICES								
9	Genting Berhad	TRADING/SERVICES								
10	Resorts World Berhad	TRADING/SERVICES								
11	Petronas Gas Berhad	INDUSTRIAL PRODUCTS								
12	Digi Com Berhad	INFRASTRUCTURE PROJECT COS.								
13	Kuala Lumpur Kepong Berhad	PLANTATION								
14	PLUS Expressway Berhad	TRADING/SERVICES								
15	YTL Power Berhad	INFRASTRUCTURE PROJECT COS.								
16	MMC Corporation Berhad	TRADING/SERVICES		✓						
17	YTL Corporation Berhad	CONSTRUCTION								
18	PBB Group Berhad	CONSUMER PRODUCTS								
19	RHB Capital Berhad	FINANCE					✓	✓		
20	British American Tobacco (M)	CONSUMER PRODUCTS								
21	Hong Leong Bank Berhad	FINANCE	✓	✓						
22	Gamuda Berhad	CONSTRUCTION								
23	Pakson Holdings Berhad	TRADING/SERVICES								

24	AMMB Holdings Berhad	FINANCE								
25	Petronas Dagang Berhad	TRADING/SERVICES								
26	UMW Holdings Berhad	CONSUMER PRODUCTS								
27	Malaysia Airline System Berhad	TRADING/SERVICES			✓					
28	KNM Group Berhad	INDUSTRIAL PRODUCTS								
29	Bursa Malaysia Berhad	FINANCE								
30	Tanjong Berhad	TRADING/SERVICES								
31	IJM Corporation Berhad	CONSTRUCTION		✓						
32	Berjaya Land Berhad	TRADING/SERVICES								
33	Berjaya Sport & Toto Berhad	TRADING/SERVICES								
34	Astro All Asia Networks Be	TRADING/SERVICES								
35	Asiatic Development Berhad	PLANTATION								
36	Hong Leong Finance Group Berhad	FINANCE								
37	NESTLE Malaysia Berhad	CONSUMER PRODUCTS								
38	UEM World Berhad	CONSTRUCTION								
39	Setia Berhad	PROPERTY		✓						
40	Lafarge Malayan Cement Berhad	INDUSTRIAL PRODUCTS								
41	Batu Kawan Berhad	PLANTATION								
42	Aminvestment Group Berhad	FINANCE								
43	Alliance Finance Group Berhad	FINANCE								
44	Magnum Corporation Berhad	TRADING/SERVICES								
45	EON Capital Berhad	FINANCE								
46	Berjaya Corporation Berhad	TRADING/SERVICES								
47	Malaysian Bulk Carriers Berhad	TRADING/SERVICES								
48	IOI Property Berhad	PROPERTY								
49	Bousted Corporation Berhad	PLANTATION								

50	Affin Holdings Berhad	FINANCE								
51	Airasia Berhad	TRADING/SERVICES								
52	Sarawak Electricity Berhad	TRADING/SERVICES								
53	Oriental Holdings Berhad	CONSUMER PRODUCTS								
54	Shell Refining Company Malaysia Berhad	INDUSTRIAL PRODUCTS								
55	IGB Corporation Berhad	PROPERTY		✓						
56	Airport Holdings Berhad	TRADING/SERVICES			✓					
57	KLCC Property Holdings Berhad	PROPERTY								
58	Zelan Berhad	CONSTRUCTION		✓						
59	Fraser & Neave Holdings Berhad	CONSUMER PRODUCTS								
60	WCT Engineering Berhad	CONSTRUCTION								
61	United Plantations Berhad	PLANTATION		✓						
62	Dialog Group Berhad	TRADING/SERVICES								
63	HAP Seng Plantation Holdings	PLANTATION								
64	STAR Publications Malaysia	TRADING/SERVICES								
65	YTL Cement Berhad	INDUSTRIAL PRODUCTS								
66	Bintulu Port Berhad	TRADING/SERVICES								
67	Media Prima Berhad	TRADING/SERVICES								
68	Kulim Malaysia Berhad	PLANTATION								
69	Titan Chemicals Corporation	INDUSTRIAL PRODUCTS								
70	Sunway City Berhad	PROPERTY		✓						
71	Malaysian Resources Corporation	CONSTRUCTION		✓						
72	Multi-Purpose Holdings Berhad	TRADING/SERVICES								
73	Kencana Petroleum Berhad	TRADING/SERVICES								
74	Tradewinds Plantation Berhad	PLANTATION		✓						

75	IJM Plantation Berhad	PLANTATION							✓	
76	Guocoland (Malaysia) Berhad	PROPERTY								
77	Puncak Niaga Holdings Berhad	INFRASTRUCTURE PROJECT COS.								
78	Proton Holdings Berhad	CONSUMER PRODUCTS		✓		✓				
79	Mulpha International Berhad	TRADING/SERVICES								
80	Top Glove berhad	INDUSTRIAL PRODUCTS								
81	Malaysian Pacific Industries	TECHNOLOGY								
82	Time.Com Berhad	INFRASTRUCTURE PROJECT COS.		✓						
83	Linkaran Trans Kota Holdings Berhad	INFRASTRUCTURE PROJECT COS.								
84	E & O Property Development	PROPERTY								
85	AEON Co. (M) Berhad	TRADING/SERVICES								
86	Bousted Heavy Industry Corporation Berhad	INDUSTRIAL PRODUCTS								
87	Sapuracrest Petroleum Berhad	TRADING/SERVICES								
88	TA Enterprise Berhad	FINANCE		✓						
89	Wan Seong Corporation Berhad	INDUSTRIAL PRODUCTS								
90	LPI Capital Berhad	FINANCE							✓	✓
91	Guinness Anchor Berhad	CONSUMER PRODUCTS								
92	Hap Seng Consolidated Berhad	TRADING/SERVICES								
93	RB Land Holdings Berhad	PROPERTY								
94	Tradewinds (M) Berhad	CONSUMER PRODUCTS								
95	DRB Hicom Berhad	INDUSTRIAL PRODUCTS		✓						
96	OSK Holdings Berhad	FINANCE								
97	Tradewinds Corporation Berhad	TRADING/SERVICES								
98	Lion Diversified Holdings Berhad	INDUSTRIAL PRODUCTS								
99	Banda Raya Developments	PROPERTY								
100	TA ANN Holdings Berhad	INDUSTRIAL PRODUCTS								

**Composition of top 100 Malaysian PLCs' Boards**

31/12/2007	Company Name	Sector	Board Size	Total independent directors
Ranking				
1	Sime Darby Berhad	TRADING/SERVICES	11	6
2	IOI Corporation Berhad	PLANTATION	6	2
3	Maybank Berhad	FINANCE	11	6
4	Tenaga Nasional Berhad	TRADING/SERVICES	10	3
5	Public Bank Berhad	FINANCE	8	5
6	Telekom Malaysia berhad	TRADING/SERVICES	9	5
7	Bumiputera Commerce Holding Berhad	FINANCE	10	5
8	MISC Berhad	TRADING/SERVICES	8	5
9	Genting Berhad	TRADING/SERVICES	8	3
10	Resorts World Berhad	TRADING/SERVICES	8	4
11	Petronas Gas Berhad	INDUSTRIAL PRODUCTS	9	3
12	Digi Com Berhad	INFRASTRUCTURE PROJECT COS.	5	2
13	Kuala Lumpur Kepong Berhad	PLANTATION	8	4
14	PLUS Expressway Berhad	TRADING/SERVICES	11	5
15	YTL Power Berhad	INFRASTRUCTURE PROJECT COS.	13	4
16	MMC Corporation Berhad	TRADING/SERVICES	8	2
17	YTL Corporation Berhad	CONSTRUCTION	13	4
18	PBB Group Berhad	CONSUMER PRODUCTS	9	4
19	RHB Capital Berhad	FINANCE	7	4
20	British American Tobacco (M) Berhad	CONSUMER PRODUCTS	7	3
21	Hong Leong Bank Berhad	FINANCE	11	4
22	Gamuda Berhad	CONSTRUCTION	13	5
23	Pakson Holdings Berhad	TRADING/SERVICES	9	5
24	AMMB Holdings Berhad	FINANCE	11	5
25	Petronas Dagang Berhad	TRADING/SERVICES	7	3
26	UMW Holdings Berhad	CONSUMER PRODUCTS	9	3
27	Malaysia Airline System Berhad	TRADING/SERVICES	12	6
28	KNM Group Berhad	INDUSTRIAL PRODUCTS	8	3
29	Bursa Malaysia Berhad	FINANCE	13	5
30	Tanjong Berhad	TRADING/SERVICES	6	3



31	IJM Corporation Berhad	CONSTRUCTION	12	5
32	Berjaya Land Berhad	TRADING/SERVICES	7	2
33	Berjaya Sport & Toto Berhad	TRADING/SERVICES	9	2
34	Astro All Asia Networks Be	TRADING/SERVICES	6	3
35	Asiatic Development Berhad	PLANTATION	7	4
36	Hong Leong Finance Group Berhad	FINANCE	9	3
37	NESTLE Malaysia Berhad	CONSUMER PRODUCTS	8	3
38	UEM World Berhad	CONSTRUCTION	8	3
39	Setia Berhad	PROPERTY	12	4
40	Lafarge Malayan Cement Berhad	INDUSTRIAL PRODUCTS	12	5
41	Batu Kawan Berhad	PLANTATION	8	4
42	Aminvestment Group Berhad	FINANCE	8	4
43	Alliance Finance Group Berhad	FINANCE	9	6
44	Magnum Corporation Berhad	TRADING/SERVICES	7	4
45	EON Capital Berhad	FINANCE	7	4
46	Berjaya Corporation Berhad	TRADING/SERVICES	14	5
47	Malaysian Bulk Carriers Berhad	TRADING/SERVICES	9	3
48	IOI Property Berhad	PROPERTY	7	2
49	Bousted Corporation Berhad	PLANTATION	7	3
50	Affin Holdings Berhad	FINANCE	6	3
51	Airasia Berhad	TRADING/SERVICES	8	4
52	Sarawak Electricity Berhad	TRADING/SERVICES	6	3
53	Oriental Holdings Berhad	CONSUMER PRODUCTS	9	3
54	Shell Refining Company Malaysia Berhad	INDUSTRIAL PRODUCTS	8	3
55	IGB Corporation Berhad	PROPERTY	8	4
56	Airport Holdings Berhad	TRADING/SERVICES	10	3
57	KLCC Property Holdings Berhad	PROPERTY	9	5
58	Zelan Berhad	CONSTRUCTION	7	3
59	Fraser & Neave Holdings Berhad	CONSUMER PRODUCTS	11	4
60	WCT Engineering Berhad	CONSTRUCTION	10	3
61	United Plantations Berhad	PLANTATION	9	4
62	Dialog Group Berhad	TRADING/SERVICES	9	3
63	HAP Seng Plantation Holdings Berhad	PLANTATION	9	3
64	STAR Publications Malaysia Berhad	TRADING/SERVICES	10	4
65	YTL Cement Berhad	INDUSTRIAL PRODUCTS	15	5
66	Bintulu Port Berhad	TRADING/SERVICES	9	3

67	Media Prima Berhad	TRADING/SERVICES	9	5
68	Kulim Malaysia Berhad	PLANTATION	12	5
69	Titan Chemicals Corporation Berhad	INDUSTRIAL PRODUCTS	9	3
70	Sunway City Berhad	PROPERTY	10	3
71	Malaysian Resources Corporation Berhad	CONSTRUCTION	8	3
72	Multi-Purpose Holdings Berhad	TRADING/SERVICES	7	3
73	Kencana Petroleum Berhad	TRADING/SERVICES	7	2
74	Tradewinds Plantation Berhad	PLANTATION	6	2
75	IJM Plantation Berhad	PLANTATION	8	4
76	Guocoland (Malaysia) Berhad	PROPERTY	7	3
77	Puncak Niaga Holdings Berhad	INFRASTRUCTURE PROJECT COS.	10	3
78	Proton Holdings Berhad	CONSUMER PRODUCTS	8	4
79	Mulpha International Berhad	TRADING/SERVICES	7	3
80	Top Glove berhad	INDUSTRIAL PRODUCTS	9	3
81	Malaysian Pacific Industries Berhad	TECHNOLOGY	5	3
82	Time.Com Berhad	INFRASTRUCTURE PROJECT COS.	8	4
83	Linkaran Trans Kota Holdings Berhad	INFRASTRUCTURE PROJECT COS.	8	3
84	E & O Property Development Berhad	PROPERTY	7	2
85	AEON Co. (M) Berhad	TRADING/SERVICES	8	3
86	Boustead Heavy Industry Corporation Berhad	INDUSTRIAL PRODUCTS	6	1
87	Sapuracrest Petroleum Berhad	TRADING/SERVICES	7	5
88	TA Enterprise Berhad	FINANCE	8	4
89	Wan Seong Corporation Berhad	INDUSTRIAL PRODUCTS	8	3
90	LPI Capital Berhad	FINANCE	5	2
91	Guinness Anchor Berhad	CONSUMER PRODUCTS	8	6
92	Hap Seng Consolidated Berhad	TRADING/SERVICES	8	3
93	RB Land Holdings Berhad	PROPERTY	1	3
94	Tradewinds (M) Berhad	CONSUMER PRODUCTS	8	3
95	DRB Hicom Berhad	INDUSTRIAL PRODUCTS	10	5
96	OSK Holdings Berhad	FINANCE	7	3
97	Tradewinds Corporation Berhad	TRADING/SERVICES	7	5
98	Lion Diversified Holdings Berhad	INDUSTRIAL PRODUCTS	7	3
99	Banda Raya Developments Berhad	PROPERTY	6	3
100	TA ANN Holdings Berhad	INDUSTRIAL PRODUCTS	7	3