

CHAPTER 5

CONCLUSION AND RECOMMENDATIONS

This chapter concludes the study by providing a summary of the research results, conclusion as well as the implications of and recommendation to the study. Finally, the possible areas for further research are also discussed.

5.1 OVERVIEW OF THE STUDY

The present study attempted to profile the role and responsibilities of the company secretary of public listed companies in Malaysia. There has been no study conducted before on the role and responsibilities of company secretary in Malaysia, hence under the recommendation by MAICSA that this research was undertaken. A survey of literature on the work of the company secretary assumes that companies are homogeneous, that is, as far as the role, responsibilities and functions of the company secretary are concerned, all public companies can be treated as though they were the same. Majority of materials discussed factors external to the company, such as company legislation, rules and regulations of the stock exchange, or concepts of professional good practice. In this study, 56 respondents of public listed companies in Kuala Lumpur and Selangor areas were collected and analysed through an instrument of five-page self-administered questionnaire.

5.2 MAJOR FINDINGS

This research is only confined to company secretary of public listed companies on KLSE in Kuala Lumpur and Selangor areas. Six demographic profile of the company and eight demographic characteristics of the respondent and 15 types of duties were identified for analysis, evaluation and comparison. Principal issues raised by respondents were also discussed. Further, the association of relationship of employment status of the respondents and the level of

involvement in the 15 types of duties were analysed through the application of cross tabulation and statistical Pearson Chi-Square test.

Where company's demographic profile is concerned, the survey revealed that in general, the market capitalisation of the company is between RM100 million to RM500 million, with the highest percentage in the category of RM100 million and below. Majority of the respondents annual turnover and total assets are RM150 million and above and RM500 million respectively. Two-third of the companies are listed in the main board and one-third in the second board of KLSE. Board of executive directors comprises of two to six directors whereas non-executive directors are in the range of two to nine.

In analysing the demographic characteristics of the respondent, two fundamental categories of company secretary were identified. The first category is an in-company employee, while the second category is the company secretarial function provided by a non-employee, working for a company secretarial firm. Majority of the respondents has the sole title of Company Secretary. Their age ranges from 26 to 60 years of age. Most of them are degree holders with MAICSA professional qualification and were neither the directors nor the shareholders of the company. They report directly to the CEO/MD and Chairman of the company.

In general, out of the eight primary duties of the company secretary, five were identified as the primary responsibility of the company secretary, namely duties pertaining to board matters, shareholder meetings, general compliance of legal and listing requirements, providing guidance to Chairman and providing advice to other board members. The remaining 3 duties, namely shareholder registration and relations, share capital issues and restructuring and corporate acquisition and disposals were delegated to professional firm.

As for the six other types of duties, namely handling of legal matters, involvement in accounting and finance, human resource management, property management, general administration and general management, majority of the respondents has no responsibilities in these areas. Where liaison with external professional advisors is concerned, majority of them is involved with these external parties.

The survey also unfolded three principal issues raised by the respondents. The first issue touches on the effect of the demand for better corporate governance. The second issue is concerned about the status of the company secretary. The third issue deals with the professionalism of the company secretary.

The final finding of the survey is the relationship between the employment status of the respondent with the level of involvement in all primary and other duties of the company secretary and the liaison with the external professional advisors of the company. Results revealed that there is no relationship between the two variables involved except in the level of involvement in duties pertaining to providing guidance to the chairman, shareholders registration and restructuring, corporate acquisition and disposals, liaison with solicitors and liaison with management consultants.

5.3 IMPLICATIONS AND RECOMMENDATIONS

The results of the study revealed that it is the internal factors that seem most to affect the effectiveness of company secretarial practice. In other words, it is the personal and role characteristics of the incumbent company secretary, the company culture and the business situation that the company is facing that matter.

Firstly, there are many different types of company. Companies vary dramatically by size, organisational structure and the complexity of their group relationships. These differences affect the secretarial role. Companies are also at different

stage of development; some are newly listed, fledging businesses, others are long-established traditional groups. Again this can have significant effects on the evolution and expectations of the company secretarial role.

Secondly, there seem to be different perceptions of the company secretarial role. At one end of the scale are those who see in the company secretary a vitally important corporate officer, able to exercise considerable influence over the chairman, the directors and board thinking. At the other, lies a perception of a necessary but unimportant figure required to fulfil the minimum legal and listing requirements.

The conclusion therefore has implication at different levels, from which can be deduced relevant recommendations.

5.3.1 Implications for the Company Secretary

The professional company secretary has to equip themselves with appropriate knowledge, skill and experience to the job, commensurate with the scale and complexity of the governance situation. Over and above these essential core competencies, the personality characteristics and personal qualities of the individual play an important role in the effectiveness of the functions that they contribute. However, if the board level does not sought their advice and fell their influences, then their role is only confined to 'form filling'. The results however also revealed that some respondents committed in fulfilling their role professionally by indulging in other duties besides the primary duties of the company secretary.

5.3.2 Implications for the chairman and the board

A vital factor affecting the contribution that the company secretary can make are the expectations of the functions and its incumbent held by the chairman, the

directors and other members of the top management. The recognition and appreciation towards the contribution of a professional company secretary and the value of their advice and expertise should be cultivated by the top management. With the introduction of the Code on Corporate Governance in Malaysia especially, the recognition of the status of the company secretary for once will definitely take a change to the whole scenario.

5.3.3 Implications for the MAICSA

A number of specific policy recommendations can be deduced from the evidence of the survey results for the MAICSA.

- To continuously extend and up-date the core competencies of their members to bring the relevant knowledge, skills and experience to the function
- To enhance the communication channels with their members by assisting them to solve difficulties encountered whilst discharging their duties
- To work closely with the Securities Commission on problems reported by company secretaries as the corporate governance regime for public listed companies becomes more stricter and demanding
- To work to educate, influence and change attitudes of chairmen, directors and top management on the potential of the company secretarial function emphasising on the benefits towards the company
- To work with those involved with the development of company law, corporate governance and other forms of corporate regulation, contributing to the formal aspects of the work of the company secretary.

- To work to change the public perception on the actual role of the company secretary and the importance of their standing in the organisation for the benefits of the society

5.4 RECOMMENDATIONS FOR FUTURE RESEARCH

The topic on the importance of the role and responsibilities of the company secretary can be analysed in several other ways, especially to improve the findings and generalisability of the results. In particular, future studies needs not only larger samples but also better coverage nationally, preferably involving all the public listed companies in KLSE as per the same survey done in Hong Kong.

Secondly, the study was done using only self-administered questionnaire. This may lead to less accurate results as respondents may misinterpret the meanings of the questionnaire. Thus, further studies should be conducted involving also face-to face interviews with the company secretary which the level of interest and quality of responses would increase.

Finally, and most significantly, further studies need to be performed on other types of duties not mentioned in this study, in order to determine more accurately the role and responsibilities of the company secretary. This is important since the profile of company secretary has been much enhanced after more than eight years of the change in law, and much progress has been made to the public of what is the profession of the company secretary.