ABSTRACT

During economic boom periods, most shareholders and company regulators paid little attention to good corporate governance, hence the reason for weak corporate governance. This study investigates whether weak corporate governance has significant effects on the corporate performance, investment and financing patterns of selected public listed companies in Malaysia. Previous researches done by Xu and Wang (1997) and Saldana (1999) seem to show that there is a close link between these variables. Based on the regression model formulated in this study, a relationship between weak corporate governance with respect to corporate performance, investment and financing patterns have been established. From the regression analysis carried out, statistical tests have proven that a significant relationship holds for the relationship between weak corporate governance and corporate performance. However, the statistical tests for corporate investment and financing patterns are generally not significant. The Malaysian corporate sector has initiated steps to be taken to enhance good corporate governance. It is believed that if sufficient awareness is brought to the attention to the agents of companies, several corporate failures could have been avoided, and the status of these companies could probably be different today. The current development of these companies could be closely monitored and a further research could be carried out to ascertain that good corporate governance is essential for corporate performance, investment and financing patterns.