

## CHAPTER 4 RESEARCH METHODOLOGY

In view of limited published studies about the board room practices in local corporations, an exploratory research was selected for this study to obtain some qualitative data of the local corporate governance structure. A survey questionnaire was designed for this purpose and a number of ten (10) companies' director were interviewed on their personal experience as company directors. They were also being approached on personal opinions with relevant to some corporate governance issues.

### 4.1 Survey Questionnaire

The survey questionnaire was divided into three main parts i.e. (A) Personal data of respondents, (B) The Corporation Practices and (C) General Opinions. A full set of the questionnaire is as per Appendix II.

Part A was designed to solicit information on the respondent's background such as age, gender, education qualifications and number of directorships held in the year of 1997.

The purpose of Part B was to obtain information about how a board functioned and carried out its duties. This part was divided into 7 sub-parts and questions forwarded/ asked were as following:-

#### Part B: I. Board Composition

The questions were asked to obtain information on the board composition i.e. who heads the board, size of the board with breakdown of members for Executive Directors and Non-Executive Directors.

#### Part B: II. Appointment of Board of Directors

This part was designed to gather information on the process of appointment for the board members. The respondents were asked to explain how their members were being nominated/selected in details which included criteria of selection, term of appointment, types of training/ briefing provided & etc.

#### Part B: III. Monitoring & Evaluation of Board, CEO & Top Management

The respondents were asked on how their boards' involvement in setting business strategies for their corporations and how they review/monitor the performance of corporations based on the pre-determined plan.

#### Part B: IV. Board Meeting

The respondents were asked to elaborate the frequency of board meetings held in 1997, time allocated per each session and proceeding of the meetings. They were also asked to comment on the effectiveness of their board meetings.

#### Part B: V. Audit Committee

This part was designed to solicit information on the composition of the audit committee, its perceived duties and how the committee discharged its duties.

#### Part B: VI. Remuneration to the Board

The questions were designed to obtain details on how the board determined remuneration to the individual board member. What are the criteria used and whether the remuneration policy linked to the performance of the members.

#### Part B: VII. Role Play by the Non -Executive Directors In Monitoring the Board

The respondents were asked to evaluate the contributions of their Non-Executive Directors' in monitoring the overall performance of the corporations and succession plans for the CEO and other senior management.

### Part C: General Opinions

Questions were forwarded to seek the individual board member of his general opinions on issues related to corporate governance such as criteria of a good composition of a board, level of understanding of board members on their roles/ responsibilities and comment on the existing legal framework.

#### **4.2 Sample Design**

Criteria used to qualify the respondents for the personal interviews i.e. they shall be holding at least one position as Chairman, or Chief Executive Officer (CEO/Managing Director), or Executive Director (ED) or Non-Executive Director (NED) of a public listed company in Malaysia in the year 1997. The respondents shall come from different corporations/ holding groups. They representing ten (10) boards from ten (10) different corporations and personal interview was used as method for data collection.

#### **4.3 Data Collection Procedure**

The respondents were first approached by telephones or personal meetings and explained the purpose of this research. Subsequently another appointment was arranged for an indepth personal interview at their offices.

A survey questionnaire as discussed in 4.1 was used for this interview. On average, the duration of the personal interview was about an hour. The sample was selected randomly. The respondents were given full guarantee that all information related to their identity will be kept as private and confidential. They were also being ensured that the study is for academic purpose only.

#### **4.4 Data Analysis Techniques**

Data collected from the personal interview were then being tabulated for summarizing its frequencies of occurrence. Since this study is an exploratory research and total sample size is ten (10) numbers only, SPSS analysis technique was not employed. Qualitative analytical technique was used to analyze the comments given by the respondents.