

An Exploratory Study on Current Corporate Governance among Practitioners in Malaysian Public Listed Companies – An Introduction to Quantum Governance

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ABSTRACT--Over the last decade, corporate governance was heightened by many incidences that questioned the governance of corporations globally. Simultaneously, Malaysia has also taken measures to address corporate governance issues within corporations. These measures have indeed borne much fruit and have helped in the improvement of governance structure in Malaysian companies, especially public listed firms. There have been several studies globally and domestically addressing some issues in corporate governance. However, there were hardly any relevant studies pertaining to the perceptions of corporate governance by senior managers of public listed companies in Malaysia who are the practitioners. This study undertakes to explore the perception of the current corporate governance structure in Malaysia and to a large extent, to discover their understanding of the corporate governance mechanism within Malaysian public listed companies. As this study is an exploratory study with a realism and a positivist philosophical stance, a qualitative research methodology was used. Face-to-face in-depth interview with an interview guide and focus groups were used, which were effective means in acquiring the perspectives and the paradigms of the participants. For the purpose of this study, participants who are working in public listed companies in the Main Board of Bursa Malaysia, holding the position of senior managers and above, were selected as the population, as they are practitioners in a variety of industries. The findings revealed that the respondents perceived corporate governance as a mechanical stance, from a stand point of legal (law), system (methodology) and guide (set of frameworks) through which decisions were made. The respondents agreed that corporate governance regulations were merely "cut and pasted" from an external source, which means that the form supersedes the substance in corporate governance. Thus, the respondents revealed that it has resulted in a mismatch. This study reveals the necessity to address the fundamentals of corporate governance.

Keywords--Corporate governance, perception and quantum science
Code: G3, M14, O16, L20, C25, C35
Research article.

I. INTRODUCTION

In Malaysia, the private sector has been the key driver for the economy (Quarterly Bulletin, Bank Negara Malaysia, 2015). Hence, corporations play an important role in the development of the nation, providing, not only employment, but shaping the social and financial landscape. As the nation strives to face the challenges of globalization and the dynamism of the business world, Malaysia has progressed successfully in strengthening her corporate governance structure. Since the launch of the first Malaysian Code of Corporate Governance in 2000

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(Security Commission, 2012), there have been concerted efforts towards the enhancement of corporate governance, with the revision of the Code of Corporate Governance in 2007 and the birth of a Blueprint of Corporate Governance in 2011. However, with such stringent regulations, there were still many issues and challenges of corporate governance in Malaysia.

Previous studies in Malaysia revealed that there are numerous corporate governance issues which are in existence or are linked to public listed entities. While there were tremendous positive achievements in the implementation of corporate governance measures, there are also equal challenges that have yet to be confronted. For example, Romlah *et al*, (2002) mentioned that some of the public listed companies were liquidated or taken-over owing to undisclosed related party transactions which amounted to billions of Ringgit. Norwani *et al*, (2011) highlighted that there were listed companies in Bursa Malaysia which have transacted loans to customers or clients without conducting thorough research or due diligence. Such action has contributed in an increase of non-performing loans of the listed companies, hence leading to higher financial risk. In addition, Norwani *et al*, (2011) discovered that some listed companies in Malaysia were not truly independent in their decision-making processes. Decisions were influenced by certain key individuals, resulting in decisions favoring selected individuals or groups. Jeyasingam (2004) noted that internal control plays an important role in an organization. In his research, it was found that owing to lack of internal controls and directors' misconducts, many Malaysian listed companies incurred heavy losses. The lack of integrity is another reason for the downfall of some companies listed in Bursa Malaysia (Krishnan *et al*, 2011). Norwani *et al*, (2011) stressed that duality of the role of Chairman and Chief Executive Officer by a single person denotes lack of independence and a lack of financial reporting on certain transactions, has contributed to the public's lack of confidence with the level of transparency. Moreover, political influence has indeed interfered in the decision-making processes in some companies, subsequently, owing to poor financial management, going into financial distress, having negative cash flow and heavy write-offs of non-performing loans (Norwani *et al*, 2011; Seranmadevi and Kumar 2019).

II. LITERATURE REVIEW

2.1 Global Perspective of Corporate Governance

On the international front, there are equally several issues within corporate governance. Solomon and Hanson (1983) discovered that the highest attribute from a public point of view is whether a company is honest in its transactions, business characters and if it keeps its promises, i.e. integrity. In addition, Clark (1994) illustrates that organizational leaders have to embrace the non-traditional ways, by emphasizing ethical standards. Armstrong (2005) sighted the Cadbury Report (1992), Hampel Committee (1997) and Organization of Economic Cooperation and Development (OECD) (1998) stressing that there is an increased focus on ethical standards in companies generally. On the other hand, Rayman-Bacchus (2003) mentioned that an organization needs to position itself as part of a social umbrella, as people are involved in an organization, thus making it a social entity. Davis (2005) supported the arguments of Rayman-Bacchus (2003) by stressing that the entire global economic system should be looked as a social entity. Wood (2002) argued that social elements cannot be eradicated during decision making processes. Hence corporate governance should entail the social aspects of the entire organization (Friedman, 1970 & Friedman, 2005). La Porta *et al*, (2006) emphasizes that an organization cannot do away with social issues.

Thus, corporate governance cannot be viewed without the social “lenses” as it is part of the society. In the area of legal and regulatory issues, Paredes (2005), highlighted that legal framework has a significant influence in the corporate governance structure. Although, from time to time, loop holes were found in existing laws globally, the authors maintain that legal and regulatory regulations have an impact on organizations. Armour *et al.*, (2009) adds that laws are crucial for an organization, especially when it involves minority shareholders’ interest. Erkkila (2004) corresponds by saying that with proper laws and regulations, accountability will be further enhanced. However, Willis (2005) stressed that legal and regulatory compliances are more stringent in larger organizations than smaller entities. On the area of economic issues, it was noted by Bernard (2006) that changes in accounting standards influence decision making within an organization. Heugens and Otten (2007) noted that organizations should embrace the nation’s economic reforms so as to keep abreast with such developments and economic changes hence, corporate governance would be seen as relevant in view of these changes.

On the area of political issue, Roe (2003) suggested that party systems, ideologies and political stability influence corporate governance within an organization, especially, when the organization is politically connected. Webb (2007) highlighted that several downfalls of companies were a result of political influences. This was also supported by Meon and Weill. (2005), who stated that culture and politics have a significant influence on the nature of corporate governance and the greatest stumbling blocks for governments are corruption and accountability. In addition, survey by Khanna and Zyla (2011), whose survey was conducted within emerging markets, revealed that in emerging markets, investors would pay a premium for companies who have a better governance structure. PWC Annual Corporate Director Survey (2012) also revealed, among other matters, that directors require greater education on governance matters, 36% of directors involved in the survey sighted that they have no specific responsibilities within the scope of the company and that the majority of directors admitted that outsiders were influential in decision making, for example external consultants. Moreover, on the subject of perception, Filatotchev and Wright (2010) sighted that perception on the agency mode of operation practiced by corporations is of concern. The authors highlighted among other issues, that the agency system needs to be re-visited.

2.2 Corporate Governance in Malaysia

In the wake of the 1997 Asian financial crisis, Malaysia began to seriously engage in matters concerning corporate governance. The Asian financial crisis not only caused a stir in the accounting arena, but also within businesses and the entire Malaysian economy. The economy contracted at an alarming rate of 7.4% in 1998 (Singh *et al.*, 2007). The crisis became the highest “wake-up-call” to address corporate governance. According to Cadbury’s report (1997), two prominent areas of concern have to be addressed, which are the accountability and the effectiveness of the board of directors. Hence, the formation of the Finance Committee on Corporate Governance (FCCG) was introduced, a body which was responsible to begin the framework for corporate governance and the best practice for business, covering seventy important recommendations. Simultaneously, the Implementation Project Team (IPT) was initiated to carry out these recommendations. This was further improved with the adoption of stringent requirements brought about by the International Accounting Standards Committee. According to LaPorta *et al.*, (1998), the accounting standards in Malaysia was relatively satisfying.

With the birth of Financial Reporting Act in 1997, all companies are to adhere to the accounting standards established by the Malaysian Accounting Standards Board (MASB). Moreover, since 1998, the Malaysian government has taken several measures to gain market confidence, including the formation of Malaysian Institute of Corporate Governance (MICG), and the High-Level Finance Committee on Corporate Governance (HLFC). Mitton (2002) stresses that transparency and disclosure on a higher level had offered shareholders the protection and that such transparency and disclosure measures had caused higher firm value. In 1998, Malaysia also partnered with the Asian Development Bank and World Bank through the Asia-Pacific Economic Cooperation (APEC) forum to engage in vital discussion on ways to improve corporate governance. The role and function of both the Securities Commission and the Bursa Malaysia was sharpened, so as to ensure proper governance (Pik, 2006). In the Malaysian Corporate Governance Survey Report 2001, it was highlighted that since the introduction of the Malaysian Code on corporate governance in 2000, there were significant improvements. Some of the key developments are; that Malaysian public listed companies are highly aware of the need for Board independence, institutional investors are prepared to pay a higher premium on shares of companies having excellent corporate governance practices, institutional investors have exhibited strong influence in non-financial information in their decision making process, directors are more aware of their fiduciary duties and responsibilities, the improvement of the Malaysian Corporate Governance standards since the benchmark KLCE-PwC 1998 Survey and Malaysian public listed companies recognize that investors' communication is influential in enhancing the market confidence. In the KLCE-PwC 1998 survey it was found that 95% of the companies surveyed wanted a reform in the Malaysian corporate governance structure, indicating areas such as transparency in directors' transactions, minority shareholders' interest, investors' confidence and the fiduciary duties of directors. With the introduction of the Capital Master Plan (CMP), the market grew in positive sentiments and tangible benefits were derived. The CMP was engulfed within the term of references which encapsulated a comprehensive vision and development of the Malaysian Capital Market which paved the way forward, formulating a framework to spur further liberalization and deregulation and shaping the direction for the positioning of the Malaysian capital market both externally and domestically (Shim, 2006). Liew (2007) argued that since the 1997/1998 crisis, many corporate leaders have agreed that there must be a different approach to corporate governance in Malaysia and to a certain extent expressing reservation towards the Anglo-American model. The crisis, without a shadow of doubt has given an opportunity to revisit corporate governance and to address it in a new and fresh angle. As furtherance to sound and effective corporate governance, the Corporate Law Reform Committee (CLRC) was established in December 2003, whose prime aim is to undertake a holistic review of the corporate law in Malaysia. The CLRC, has its origins from the establishment of the Royal Charter of Justice, United Kingdom in 1807, which acted as the company's act at that time. In 1866, it was overridden by the Straits Settlement Ordinance and further developed to Companies Enactment 1917, which was further revised to Companies Act 1965, hence after Malaysia was formed with Sabah and Sarawak in 1963 (Companies Commission of Malaysia, 2004). The objectives of the CLRC were to create a regulatory and legal framework or structure that will help to facilitate businesses and the promotion of protection and accountability of the corporate directors with the stakeholders' interest intact in line with international standards (Shim, 2006).

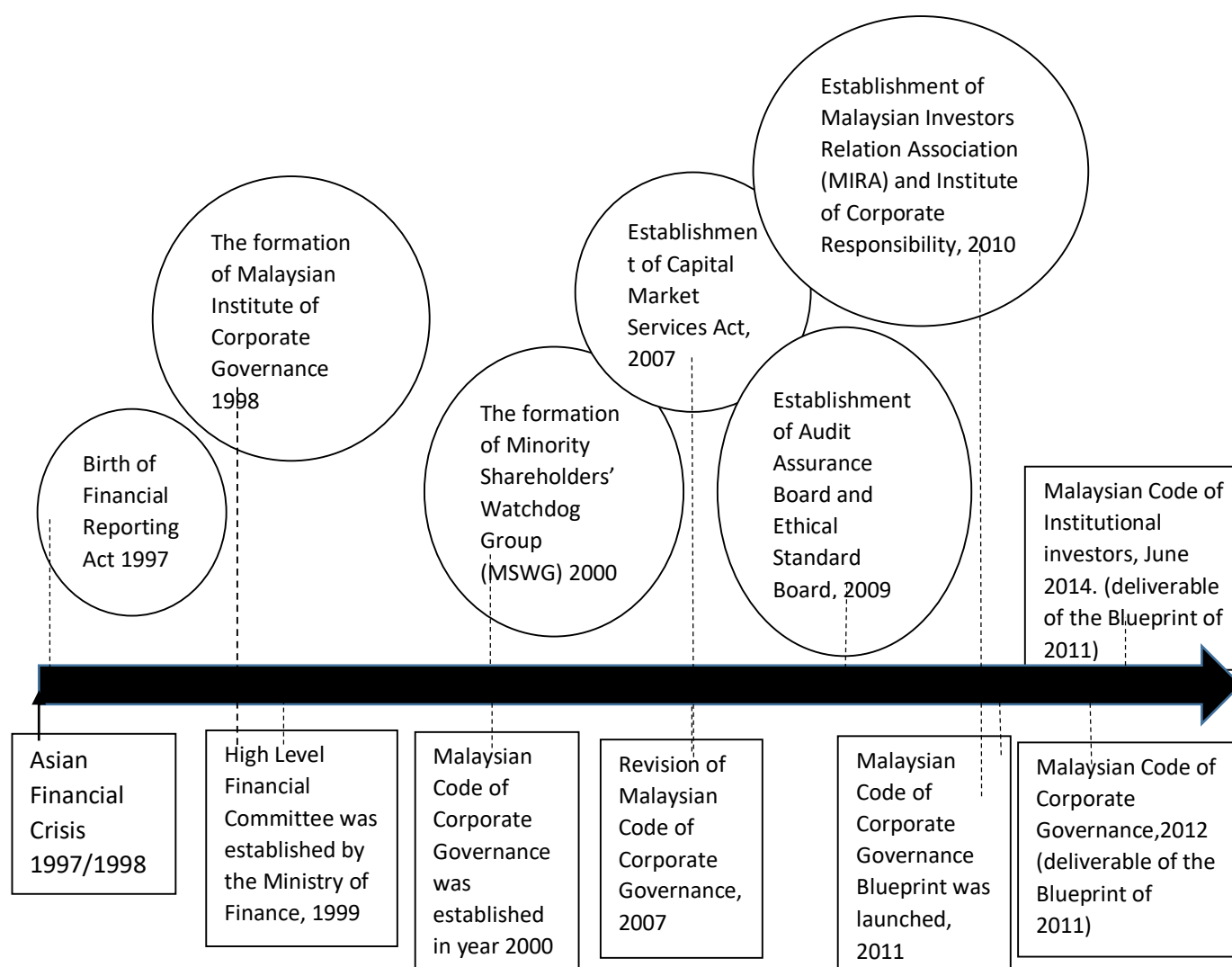


Figure (i): A pictorial view of the development and progress of Malaysian Corporate Governance

In addition, Bursa Malaysia was further strengthened with the amendments made to the Security Industry Act 1983, which now has the power to take action against directors or any other persons involved with its listing regulations instead of confining only to the listed company. The Malaysian Securities Commission (SC) has now the power to apply to the court for the disqualification of chief executive officers or directors where there is a conviction under the securities laws. The Bursa stock exchange Listing Requirements are being addressed from time to time and the necessary updates and amendments are made in order to strengthen these requirements in line with the global regulatory requirements (Pik, 2006). The Figure below illustrates the evolvement of various committees and Acts which were birthed after the Asian Financial Crisis in 1997/1998, and reflects the growth of corporate governance over the last fifteen years in Malaysia.

The highlights of the Malaysian Code of Corporate Governance 2012 are the establishment of eight principles, which are, the demarcation of clear roles and responsibilities of the board of directors, strengthening of the composition of the board of directors, reinforcement of the independence of the board of directors, in that, the dismantling of the dual role of the Chief Executive Officer (CEO) and the Chairman, fostering time commitment by the board members, upholding integrity in financial reporting, recognizing and managing risks, ensuring timely and quality disclosures and strengthening relationships between company and shareholders. With all effective developments of corporate governance in Malaysia, corporate governance reforms have brought much goodness into the system of governance of public listed companies in Malaysia. The OECD's observance report in 2005, clearly denotes that within each of the categories, Malaysia "largely observed" the steps of good governance. The table below is taken from The Report on the Observance of Standards and Codes of Corporate Governance: Country Assessment: Malaysia (2005).

Table (i): Report on the Observance of Standards and Codes of Corporate Governance, Malaysia (OECD, Country Assessment 2005)

Nos	PRINCIPLE	RANKINGS (Observed/Largely Observed/Partially Observed/Materially Not Observed/Not Observed)
1	Ensuring the basis for an effective corporate governance framework	Largely Observed
2	The rights of shareholders and key ownership functions	Largely Observed
3	Equitable treatment of shareholders	Largely Observed
4	Role of stakeholders in corporate governance	Largely Observed
5	Disclosure and transparency	Largely Observed
6	Responsibilities of the board	Largely Observed

(Source: OECD Corporate Governance Assessment – Country: Malaysia, 2005. Sighted in Webpage: http://www.worldbank.org/ifa/rosc_cg.html)

From these studies, it can be found that both the Malaysian and international studies have broadly highlighted the issues. However, the Malaysian studies have scrutinized the issues involving corporate governance, but hardly any have zeroed down on the perception or the understanding of corporate governance among practitioners such as the senior managers in public listed companies in Bursa Malaysia within the domestic context, hence the reason for this research. Perceptions are important as it brings forth the actual understanding of these practitioners and these understandings will narrate what actions that will be taken when faced with challenges. The contribution of this research will set the tone for the future architecture of corporate governance in Malaysia which would influence corporate sustainability and investor confidence.

III. RESEARCH DESIGN

Qualitative research was used in this study because the key philosophical assumption is that individuals or participants tend to have their own views of reality based on social interactions (Merriam, 1998). Secondly, this research is an exploratory research, emphasizing the understanding or the perceptions of current corporate governance among senior managers of public listed companies in the Main Board of Bursa Malaysia. A face-to-face in-depth interview was undertaken with the use of unstructured open-ended questions to solicit information, opinion and perspective from the selected participants. The advantage in using this approach is that it provides flexibility in sequencing the questions, details and explanation; an opportunity to administer complex questionnaires; high response rates; and increases the confidence that information collected is adhered (Cipriano, 2002). Since the interview guide aims to acquire personal knowledge, perceptual questions were the main form in use. The face-to-face interviews were done involving thirty respondents having between 17 to 25 years of experience (as per Table 2 below). The interview was conducted using an interview guide.

Table (ii): List of face-to-face Respondents

Respondents	Type of Organisation	Position	Years of Experience	Gender
Respondent 1	Financial	Vice President	20	Male
Respondent 2	Financial	Director	22	Female
Respondent 3	Financial	General Manager	18	Female
Respondent 4	Financial	General Manager	20	Male
Respondent 5	Financial	Assistant Vice President	18	Male
Respondent 6	Financial	Director	23	Female
Respondent 7	Plantation	General Manager (Company Secretary)	21	Female
Respondent 8	Plantation	Senior General Manager	23	Male
Respondent 9	Hotel	Independent Director	19	Female
Respondent 10	Hotel	General Manager	21	Female
Respondent 11	Technology	Project Director	25	Male
Respondent 12	Technology	Assistant General Manager	18	Male
Respondent 13	Construction	Senior Construction Manager	17	Male

Respondent 14	Construction	Deputy Director	20	Male
Respondent 15	Properties	Senior Development General Manager	27	Male
Respondent 16	Properties	General Manager	18	Male
Respondent 17	Tourism	Assistant Vice President	17	Female
Respondent 18	Healthcare	Assistant General Manager	18	Female
Respondent 19	Healthcare	Executive Director	20	Female
Respondent 20	Technology	General Manager	17	Male
Respondent 21	Tourism	Director	18	Male
Respondent 22	Mining	Vice President (Operations)	18	Male
Respondent 23	Mining	Deputy Director	20	Female
Respondent 24	Healthcare	General Manager	18	Female
Respondent 25	Power Plant	Assistant Vice President (Company Secretary)	17	Male
Respondent 26	Power Plant	General Manager	21	Male
Respondent 27	Industrial Products	Director	17	Male
Respondent 28	Industrial Products	Assistant Director	18	Male
Respondent 29	Education	Director	25	Male
Respondent 30	Education	Senior General Manager	20	Male

There were three focus groups, with an experience spanning an average of 20 and 25 years. The members of the focus groups were from consultancy, information technology background, whereas the third focus group consists of senior corporate personnel from public listed (Main Board) companies (as per Table 3 below).

Table (iii): List of Focus Groups

Focus Group	Type of Organisation	Position	Years of Experience	Gender
Focus Group 1 (FG1)	Consultancy	From Senior Manager and above	Average 20 years	3 Males and 3 Females
Focus Group 2 (FG2)	Information Technology	From Senior Manager and above	Average 20 Years	5 Males and 1 Female
Focus Group 3 (FG3)	Senior Corporate Personnel	Assistant General Manager and above	Average 25 years	2 Males and 4 Females

IV. DATA COLLECTION METHOD

Data collection was conducted in methods using primary data collection approach. Primary data collection was in the form of in-depth interviews of corporate participants and focus groups, as these consists of practitioners. The main methods that were used are focus groups and in-depth interviews using an interview guide. Gibbs, (2007) defines focus groups as a group of individuals handpicked and gathered by the researcher to discuss and share view points, including personal experiences, the subject of the research. Zikmund (1997) spells out the advantages of focus groups, which are, the focus groups reveals a wider range of data or information compared to any face-to-face interviews, there would be a snowballing effect as the flow of thoughts creates a chain of information, serendipity of new ideas , greater stimulation within participants, such groups spells reduced individual pressure, greater room for spontaneity, provide greater scrutiny as the researcher can observe all in the group, the structure normally is more flexible compared to other forms of data collection and its quicker to get information. In addition, focus groups are more cost effective. However, Stokes and Bergin (2006) concluded that focus groups need to be navigated and the researcher has to steer the group in reaching its objectives and where the research topic is an exploratory, it is even more apt to use focus groups.

A face-to-face in-depth interview was undertaken with the use of unstructured open-ended questions to solicit information, opinion and perspective from the selected participants. The advantage in using this approach is that it provides flexibility in sequencing the questions, details and explanation; an opportunity to administer complex questionnaires; high response rates; and increases the confidence that information collected are adhered (Cipriano, 2002). Since the interview guide aims to acquire personal knowledge, perceptual questions were the main form in use.

The data collection for this study begins by identifying in a convenient and purposive manner the public listed companies listed in the Main Board of Bursa Malaysia. A total of one hundred letters were written to one hundred individuals to seek permission for the interview. Out of which forty-eight positive responses were received spanning over a period of two months. Thirty individuals were selected randomly for individual interviews and the rest of the eighteen respondents were grouped into three focus groups of six respondents in each group. The selection into the focus groups was also done randomly. The invitation spelt the purpose of the interview, ensuring confidentiality of identity, the proposed date of the interview, suggested venue, time and the estimated duration of the interview. Agreement was also obtained with the interviewee on the level of comfort in using notes writing to record their opinions or through tape recording, as some respondents may hesitate in answering some questions. In order to place the interviewees at ease, informal meeting points was chosen in agreement with the interviewees.

The interview begins with a friendly approach, introducing the study and its purpose and to orientate the respondent. The interviewee is free to clear any doubts so as to establish a clear understanding on the interview. The language used throughout the interview was simple and understandable, being extra careful when using certain terminologies. Freedom was given to the interviewee to express himself or herself, however, control with some care was necessary, not only to obtain the information but also to manage the allocated time. A face sheet was used to record the time, date, the place of the interview and the demographic information about the respondent being interviewed. The interview questions were printed on sheets of paper which was divided into two, where the questions were on the left and the right side was left blank to note the observations. Reasonable time was given for each interview question. Throughout the interview extensive notes (memoing) were taken which includes spoken words, gestures, body language and tone of voice. For focus groups, equal opportunity was given to individuals with the group to have their say, for which notes were taken. For those interviewees and focus groups who have agreed on using tape recording, such recording commenced throughout the interview. After the interview, a thank you note is sent to the respective respondents. Post-interview comment sheet, was used to write notes after the interview.

Interview Guide: There are two forms of questionnaires that were used in any research, of which are open-ended questions (unstructured) or closed-ended (structured) (Sekaran, 2007; Saunders *et al.*, 2007; Bryman and Bell, 2007). For the purpose of this study, an open-ended unstructured questionnaire was used. This has provided an opportunity for respondents to express their views based on their understanding, observation and background. The questions were carefully prepared with the aim to meet the research objectives. The broad questions which have encompassed the focus group and interview survey are as follows:

- What is the perception on the current corporate governance structure?
- What are the issues in current corporate governance?

Population of Study: Basically, population consists of all elements; people or organizations that have common characteristics established for the research (Saunders, Kewis and Thornbill, 2007). Population is a broader perspective from which a representative sample will be selected. For the purpose of this study, participants who are working or associated with the private sector (corporate) were selected as the population, in particular it encompassed senior managers and above, as these are practitioners having hands-on experience on matters of corporate governance. In addition, senior managers are also decision makers and with the level of seniority, it is

eminent to discover level of understanding by these practitioners. The geographical area of sampling was taken within the Klang Valley and it was based upon respondent's availability and approximation.

Sampling: Sampling is defined as a sub-group of a target population (Creswell, 2008). The common objective for collecting information or data in any survey research is the representation of the population of the intended study. It is pertinent that the process of selecting participants or organizations is appropriate in order for their feedback to represent the population from which they were selected (Bryman and Bell, 2007). Bartlett, Kortlik and Higgins (2001) stresses that inappropriate, inadequate or excessive sample size will affect the accuracy of the research. The data or information gathered from the survey was able to generalize findings from the sample back to the population and has addressed the impending research questions. (Gay, 1987). For the purpose of this study, a non-probability sampling was used as this is a qualitative research. To stress further the non-probabilistic sampling, a purposive sampling was used. Purposive sampling is based on the assumption that the researcher wants to understand, gain insight and discover in order to meet the research objectives. In addition, a convenient criterion was also used in selecting this sample. For this study, the samples taken were public listed companies located in the Klang Valley. The sample consists of staff with the position of senior managers and above employed in public listed companies listed under the Main Board of Bursa Malaysia. The position of senior managers and above was taken as they are the practitioners of corporate governance in their respective companies.\

Sample Size: Drawing a sample from a target population is normal in any research. A sample size is a set of participants selected from a large population for the purpose of survey (Salant and Dillman, 1994). A sample size is selected as it is not necessary to obtain the whole population to understand the phenomenon of study (Ary and Jacobs, 1996) but it must represent the population to make generalization from the sample statistics to the population studied. Maleske (1995) also stresses that adequacy and representation are two critical factors in establishing a good sample. The ability to account for accurate inferences is based on the adequacy of the sample while representation accounts for the generalization from the sample to the population of the study (Maleske, 1995). Sekaran (2007) illustrates that the sample size should be sufficiently large to predict the parameters of the population within acceptable limits. For the purpose of this study, as it is exploratory, the sample size was flexible. The size of the sample was 30 respondents for the interview and 18 respondents who were grouped into 3 focus groups of 6 persons per group. The sample size of 18 was used, in reflection of the initial pilot study which was undertaken involving 15 respondents of the same category of senior managers and above, prior to the full-scale data collection, indicated that the point of saturation was already achieved. In addition, as a guide on this qualitative research, the study by Ritchie *et al* (2003) was used as the researchers noted that for qualitative studies, a sample of below 50 would suffice, a point of diminishing returns sets in and the results would be repetitive, having no new information collected.

Ethical Matters: Ethics in research is the code of conduct that addresses an expected norm of behavior while conducting the research. Ethical behavior involves the way one acts with people while being open and communicative (Trevino *et al*, 2000). According to Potocan and Mulej (2009), ethics is a crucial part of human attributes and adhering to ethics can bring out information on the actual functioning and necessary criteria for research assessment. Rowley (2004) also illustrates that conducting research ethically is concerned with respecting privacy and confidentiality which includes being transparent about the use of research data. The main concern in ethical practices lies on the trust, respect and most importantly the approach taken to foster good relationship which

is mutually beneficial. The common ethical issues found in the field of research are obtaining participants consent, deception or covert research, responsibility to inform respondents, risk and benefits (Morse, 1994). However, the common ethical principles (Bogden and Biklen, 1982) that are applicable in this research includes; first, respondent's identity should be protected so that the information collected does not embarrass him or her; secondly, treat participants with respect and obtain cooperation for the research; thirdly, obtain permission to conduct the research by making clear the purpose and objectives of the research and fourthly, be truthful in generating the findings and report.

Bearing this in mind, the measures that has been taken to ensure the ethical issues in the conduct of interview included, letters was sent to inform the respondents of the agreed schedule, purpose and objectives of research, obtain verbal consent before recording each participant, given assurance that identity of the respondents will not be revealed in the report, seek clarification if necessary, developed a cordial relationship, and used pseudonyms to represent each respondent in the research to protect his or her identity. For the focus group, measures of ethics have included, obtaining approval from appropriate authority to conduct survey in his or her organization, explaining clearly on the purpose, objectives and the manner the survey will be conducted to the authority and the respondents of the survey, ensure the participants understand what is expected from them for the survey, clarify any questions if required by the survey respondents and use pseudonyms to represent each organization's identity. In this study all ethical measures have been exercised.

V. DATA ANALYSIS

Merriam (1988) describes data analysis as the process of making sense out of one's data. Bogdan and Biklen (1992) suggested that data analysis falls into two modes, which the analysis is concurrent with data collection and is complete by the time data are gathered, and, secondly, data are collected and then analyzed. In this study data analysis began after the data had been collected. Data from transcripts and tape recording is checked several times in order to obtain as much information as possible. These data, which was collected from transcripts and tape recorder were re-read and re-listened to ensure all data is captured accurately. Subsequently, in order to have an effective synthesis of the data collected, coding was used in order to identify similarities from the raw data. From these coding, categories were assigned. Data from tape recorder was also transcribed and applied the same method of coding and categorizing. Categorization was devised with great intuition and systematic in order to maintain the focus of this study, with constant comparative method of data analysis. Units of data (bits of information) are sorted out in groupings that have some similarities. The unit of data was heuristic and at the same time could stand on itself. In this process a master list was kept which constitutes a primitive outline reflecting the recurring similarities. From the master list, the categories are combed through to search for any other possibility to further summarize the categorizations.

The names of the categories were based upon the respondent's answers, reflecting the purpose of the research. These categories were not only exhaustive but mutually exclusive and conceptually congruent, that is, the same level of abstraction has the characterized all categories at that same level. In the following chapters the categorization has been displayed. On the other hand, the number of categories was based upon the data which was collected. This means, the number of respondents who mentioned a particular point or the frequency, the

respondent's answer had a determining factor as some categories will appear to each one as more or less credible and some categories simply stood out throughout the interviews. After such categorization, the data is then placed into these categories. Since the sample size was forty-eight (30 individual respondents and 3 focus groups of 6 respondents in each groups), placing the data was quite easily concluded.

VI. VALIDITY AND RELIABILITY

The validity of the research was very much the question of whether or not the findings meet the objectives. Whereas, reliability is concerned with the findings were able to be generalized (Bryman and Bell, 2007). According to Merriam (1998), validity and reliability are concerns that can be approached through careful attention to a study's concept and the manner the information was collected, analyzed and interpreted. In this study, measures taken to ensure the validity and reliability of the intended research with interview data being verified by comparing the response between the selected respondents', reviewing the response of individual selected respondent to verify the result plausible, discuss findings of response from the selected respondents' (respondent validation) and by rechecking approach (member-checking) where the data was taken back to the respondents if the results need clarification or is ambiguous. In order to instill greater reliability, interviews and focus groups comments were taped, so as to mitigate any interpretive errors. These recording were done with the permission of the respondents. In addition a test-retest method was also used in order the find stability of the results (Charles (1995), Croker and Algina, (1986)) and the high degree of stability and generalizability was achieved when the results reached a similarity stage, hence concluding that the data was reliable (Stenbacka, 2001)

VII. SUMMARY OF FINDINGS/RESULTS

From the qualitative methodology, the following summary was obtained on the perception of practitioners (as listed in Table 4 and 5 below) of Malaysian public listed companies.

Table (iv): Summary of the findings as per percentage of similarities (Answering Research Question 1)

Nos	Findings	Percentage of Similarities – Respondent (30)	Percentage of Similarities – Focus Groups (3)
1	A set of rules and regulations	100	100
2	Some conditions	50	66
3	A methodology	70	66
4	A set of guides	90	100
5	A set of commandments	95	100
6	A system	95	100
7	It is a set of frameworks	70	66

8	It is a law book	70	66
9	It is the way a company operates	90	100
10	A structure for decision making	100	100

Table (v): Summary of findings as per percentage of similarities (Answering Research Question 2)

Nos	Findings	Percentage of Similarities – Respondents (30)	Percentage of Similarities – Focus Groups (3)
1	Poor execution	100	100
2	Lack of disclosure	100	100
3	Lack of originality	90	100
4	Deficiency of ethics and human values	90	100
5	Lack of a thorough understanding of corporate governance	70	66
6	Lack of integrity and trust	100	100
7	Lack of adaptability of corporate governance within the culture of the organization	80	66
8	Breaching of ethical standards	95	100
9	The challenge of connecting ethical behaviour to corporate governance	90	100
10	Marginalization of social values	100	100
11	Values within corporations	90	100
12	Legal and regulatory challenges	100	100
13	Degree of independence of board and committees	90	100
14	Weaknesses within legislations	80	66
15	Ambiguities in role of regulators	80	66
16	Uncertainties in economic climate	70	66
17	Variations in accounting standards and treatments	90	100
18	Alterations of domestic economic policies	90	100
19	Political interference	100	100
20	Board members with political connections	100	100

21	Political ideologies	100	100
22	The challenge of accountability	100	100
23	The extend of penalties of non-compliance	90	100
24	Composition of the Board	90	100

From the above summary, it was noted that the practitioners view corporate governance as a mechanical system, or rather executing governance mechanism merely to fulfil the requirement. The following diagram illustrates the findings even further;

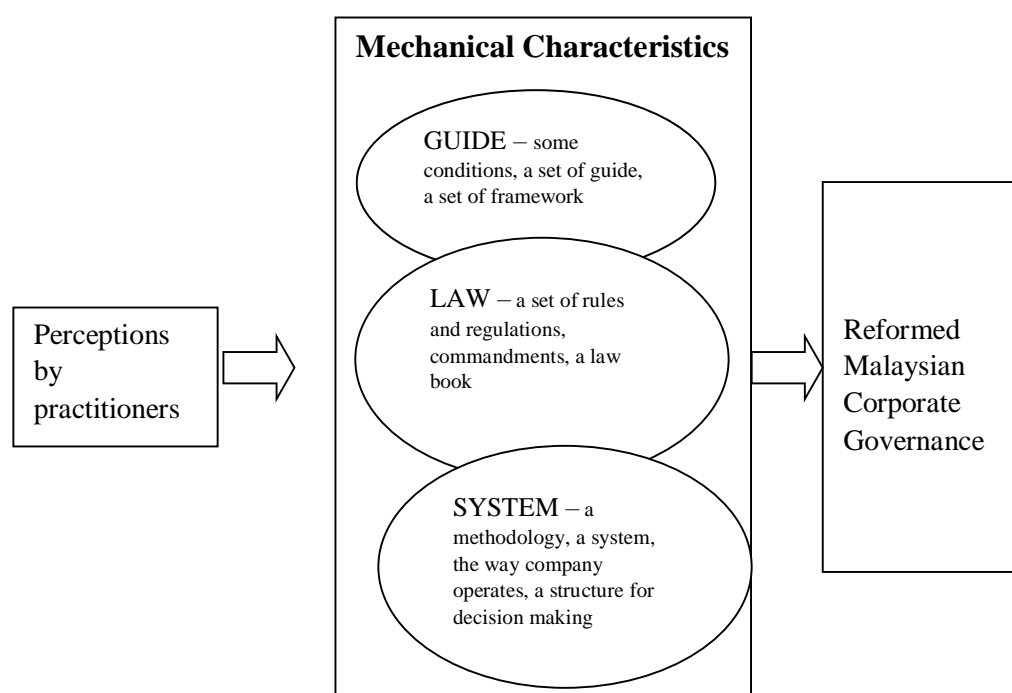


Figure (ii): Findings with mechanical characteristics

From this view (Figure 2), the findings reveal that the perceptions of practitioners on Malaysian corporate governance are that it is a mechanical approach, i.e. it is perceived as a law, system and guide. Hence, it is perceived as a law, which denotes rigidity, a system which means a way in operating the firm and a guide, reflecting that corporate governance is understood as a direction for firms to embark upon. Therefore, it has been perceived mechanically and the practitioners were like machines implementing these mechanics, fulfilling the matter without the substance.

Discussion: The Future of Corporate Governance

From the findings, it could be gathered that a mechanical stance has been conceived in the hearts and minds of these practitioners. In order to further delve into the mechanical stance approach, it is vital that a clear understanding is derived and a proposal made for a new model in the area of corporate governance. The failure to have a holistic view and understanding of corporate governance, face the risks of wrong decision making, the side-line of morality and acting in a manner where the heart is left out of the whole process.

The mechanical stance which was derived from a Newtonian philosophy (Nkomo & Cox, 1996; Westfall, 1995), has a linearity approach which means outcomes are predictable static behaviour patterns and conditions are defined objectively. As such compartmentalisation and separation is one of the key components of a mechanical approach (Senthil and Easwaran, 2019). Although there are several concurrences on the mechanical approach and it has brought about some benefits, but in order to face the ever-changing business dynamics, old, orthodox, static measures would not be fruitful in today's business world (Stapp, 1995). In order to address such transformation, an approach which is holistic, fluid, non-linear, dealing with the spirit and mind, being indeterministic and using organization's energy would create a greater atmosphere of accountability and sustainability. Corporate governance cannot and should not be viewed with an orthodox lens while the issues at hand are rather dynamic. In other words, this research resonates the need to change the entire "house" and not the items in the "house". Hence, a change of paradigm is vital. Organizations are systems which are alive. They grow to meet global challenges, contributing towards the wealth of the nation. Hence, corporate governance has to change its paradigm, to re-think the very structure of corporate governance, in order to stay relevant while facing the changing landscape of the business environment. Stricter laws and regulations do help, but rather than having an action after a reaction, it is important that corporate governance takes a non-linear approach which addresses the spirit of the law.

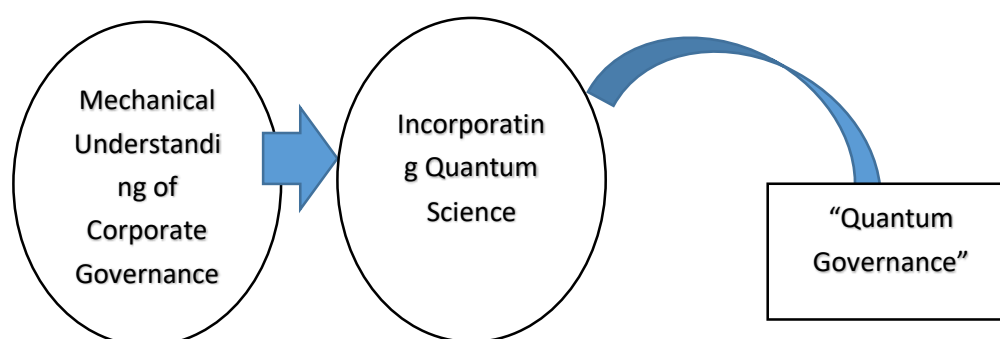


Figure (iii): The transformation of corporate governance

With reference to Figure 3 above, in order to cope with the changes in the way companies do business, quantum science offers a fresh understanding on the ever changing and dynamic world (Stapp, 1995). Quantum theory challenges the landscapes of corporate governance of today and offers hope for a much sustainable corporate governance structure. As such, the rigid norms adopted by board members are of the past. From this research, the practitioners are just fulfilling the rules, but it seems that the element of the heart is left out. On the contrary, quantum science addresses this matter directly. Hence, within the chaotic business environment, solutions can be made by considering the environment, accountability and the "butterfly effect". As such, it is necessary to provide an opportunity for a quantum science style of governance which addresses the root cause and engages the entire organization, not only the board members. This is the holistic approach. From this research, until and unless the

perception of practitioners transforms, corporate scandals will continue to take centre stage at the expense of employment and national integrity. In today's ever-changing environment, the cognitive dissonance (Cooper, 2007) seems to be higher, owing to the non-adaptability of firms. While the expectations of the public and statutory requirements on public listed companies are high, on the contrary, the reality is actually far demoralizing, as corporate failures are enough to prove such a reality. Such high dissonance reflects that corporate today are weak in handling changes in environment owing to its conservative methods and the mechanistic approaches which only caters to a certain level of confidence but fails to contribute to long term sustainability, as mirrored by this research. Currently, corporate boards and the whole governance structure are administered with a traditional science approach, not considering the dynamism of changes in society expectation and its environment. The governance mechanism presently does not address changes in environment effectively. The improvements in corporate governance do not address the core issues and there seem to always be a "loophole" for malpractices.

In summary, whilst rules and regulations are equally important for the sustenance of corporate governance, nevertheless, corporations are driven into adhering them without an aorta that the corporates comprise of a society of human beings. Hence, the upholding of human values, understanding that man is not a machine but a human with feelings, intelligence and consciousness, accountability and transparency are critical issues within current corporate governance structure, as mentioned from a study by Salleh and Ahmad (2208) which denotes human governance approach in corporate governance. While these researches echo much of the researchers' views within the area of corporate governance, it further resounds the necessity to re-look at corporate governance on a metaphysical level, a step in the introduction of Quantum Governance.

VIII. CONCLUSION

In general, the objective of this study has been achieved. This research has contributed to the body of knowledge by identifying the perceptions within the current corporate governance structure in Malaysia within the lenses of senior managers. It is empirical from this study that practitioners have a mechanical approach in implementing corporate governance, and the findings concur to a large extent with that which has been found through a previous study globally. This is an exploratory study and further research on individual areas should be continued.

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