

BOARD STRUCTURE AND FINANCIAL PERFORMANCE OF MALAYSIAN LOCAL COMMERCIAL BANK

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ABSTRACT

This paper examines the relationship between Board structures and financial performance of Malaysian local commercial bank. The characteristic of board structure, including board size, board composition, ethnic diversity and gender are addressed in the Malaysian. The study used a sample of eight local commercial bank of Malaysia between 2008 to 2012. The finding showed that board size, board composition and gender has U shape linked with financial performance. Whereas, ethnic diversity has positive relationship with financial performance.

The two theories of corporate governance, namely agency and resource dependence theory is used on the study. The Ordinary Least Squares (OLS) regression was used to estimate the relationship between financial performance (ROE) and the independent variable.

Keywords: Board structure, Corporate Governance, Board of Directors, Financial Performance, Regression analysis.