

**DETERMINANTS AND CONSEQUENCES OF CEO
SUCCESSION IN MALAYSIAN PUBLIC LISTED COMPANIES**

ROKIAH ISHAK

**DOCTOR OF PHILOSOPHY
UNIVERSITI UTARA MALAYSIA
2010**



Kolej Perniagaan
(College of Business)
Universiti Utara Malaysia

PERAKUAN KERJA TESIS / DISERTASI
(Certification of thesis / dissertation)

Kami, yang bertandatangan, memperakukan bahawa
(We, the undersigned, certify that)

ROKIAH BINTI ISHAK

calon untuk Ijazah **DOKTOR FALSAFAH (Ph.D)**
(candidate for the degree of)

telah mengemukakan tesis / disertasi yang bertajuk:
(has presented his/her thesis / dissertation of the following title):

**"DETERMINANTS AND CONSEQUENCES OF CEO SUCCESSION IN MALAYSIAN
PUBLIC LISTED COMPANIES"**

seperti yang tercatat di muka surat tajuk dan kulit tesis / disertasi.
(as it appears on the title page and front cover of the thesis / dissertation).

Bahawa tesis/disertasi tersebut boleh diterima dari segi bentuk serta kandungan dan meliputi bidang ilmu dengan memuaskan, sebagaimana yang ditunjukkan oleh calon dalam ujian lisan yang diadakan pada : **22 November 2010**

That the said thesis/dissertation is acceptable in form and content and displays a satisfactory knowledge of the field of study as demonstrated by the candidate through an oral examination held on:
22 November 2010

Pengerusi Viva : Prof. Dr. Yusnidah binti Ibrahim
(Chairman for Viva)

Tandatangan
(Signature)

Pemeriksa Luar : Prof. Dr. Muhd Kamil bin Ibrahim
(External Examiner)

Tandatangan
(Signature)

Pemeriksa Luar : Assoc. Prof. Dr. Zulkarnain bin Muhamad
(External Examiner) Sori

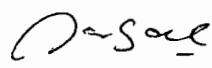
Tandatangan
(Signature)

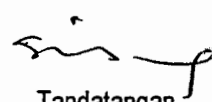
Tarikh: **22 November 2010**
(Date)

Nama Pelajar
(Name of Student) : Rokiah binti Ishak

Tajuk Tesis
(Title of the Thesis) : "Determinants and Consequences of CEO Succession in
Malaysian Public Listed Companies"

Program Pengajian
(Programme of Study) : Doktor Falsafah (Ph.D)

Nama Penyelia/Penyelia-penyelia
(Name of Supervisor/Supervisors) : Prof. Dr. Ku Nor Izah binti Ku Ismail
Tandatangan
(Signature) 

Nama Penyelia/Penyelia-penyelia
(Name of Supervisor/Supervisors) : Prof. Dr. Shamsul Nahar bin Abdullah
Tandatangan
(Signature) 

CERTIFICATION OF THESIS WORKS

I declare that this thesis is my own account of my research and contains work which has not previously been submitted for a degree at any tertiary education institution.

A handwritten signature in black ink, appearing to read 'Rokiah Ishak', is written over a horizontal dotted line.

(Rokiah Ishak)

PERMISSION TO USE

In presenting this thesis in fulfillment of the requirement for the degree of doctor of philosophy from Universiti Utara Malaysia, I agree that the University library may make it freely available for inspection. I further agree that permission for copying of this thesis in any manner, in whole or in part, for scholarly purposes may be granted by my supervisors or, in their absence, by the Dean of Research and Postgraduate of the College of Business. It is understood that any copying or publication or use of this thesis or parts thereof for financial gain shall not be allowed without my written permission. It is also understood that the due recognition shall be given to me and to Universiti Utara Malaysia for any scholarly use which may be made of any material from my thesis. Requests for permission to copy or to make other use of materials in this thesis, in whole or in part, should be addressed to:

Dean of Research and Postgraduate
College of Business
UNIVERSITI UTARA MALAYSIA
06010 UUM Sintok
Kedah Darul Aman
Malaysia.

ABSTRAK

Kajian ini mengkaji faktor utama yang mempengaruhi penggantian Ketua Pegawai Eksekutif (CEO) di kalangan syarikat tersenarai awam Malaysia. Penggantian CEO dibahagikan kepada dua bahagian iaitu pertukaran CEO dan pemilihan pengganti. Kajian ini juga akan menyelidik kesan penggantian CEO ke atas perubahan prestasi syarikat. Memandangkan kurangnya kajian yang dibuat berkaitan penggantian CEO dan dalam persekitaran pemilikan tertumpu yang unik di Malaysia, kajian ini bertujuan untuk memeriksa sama ada prestasi syarikat, tadbir urus korporat, kuasa CEO dan ciri-ciri firma mempengaruhi penggantian CEO dalam syarikat di Malaysia sepertimana yang dilaporkan di negara maju. Prestasi syarikat diukur menggunakan pulangan atas aset syarikat dan Tobin Q. Bagi tadbir urus korporat pula, kajian ini memberi tumpuan bagaimana ahli lembaga pengarah dan struktur pemilikan syarikat mempengaruhi penggantian CEO. Kuasa CEO diproksikan kepada latar belakang pendidikan, kemahiran dan latarbelakang peranan, umur, tempoh memegang jawatan, pemilikan saham dan penempatan semula mantan CEO di dalam syarikat yang sama.

Unit analisa kajian ialah penggantian CEO dalam syarikat tersenarai awam Malaysia untuk tempoh 2002 sehingga 2005. Data penggantian CEO kemudiannya diklasifikasikan kepada pertukaran dan asal-usul pengganti. Regresi logistik digunakan untuk mengenalpasti faktor yang mempengaruhi kecenderungan untuk menukar CEO. Pemboleh ubah bersandar dikodkan sebagai pertukaran dan tiada pertukaran. Analisa berdasarkan 145 kejadian pertukaran dalam tempoh empat tahun, menunjukkan bahawa syarikat yang berprestasi rendah, mempunyai CEO yang berpendidikan tinggi, mempunyai CEO yang berumur, mempunyai CEO yang memegang jawatan untuk jangka masa yang pendek dan mempunyai nisbah hutang yang tinggi adalah lebih cenderung untuk menukar CEO. Walau bagaimanapun, syarikat yang mempraktikkan dwi peranan CEO/Pengerusi, mempunyai ramai ahli lembaga pengarah yang menganggotai ahli lembaga pengarah beberapa syarikat, dikuasai oleh keluarga atau pihak

pengurusan, mempunyai CEO yang memiliki saham dan mempunyai kepelbagaian segmen operasi adalah kurang cenderung untuk menukar CEO.

Bagi bahagian pemilihan, regresi logistik berasingan dijalankan dengan pengganti luar sebagai pemboleh ubah bersandar. Dapatan kajian menunjukkan bahawa struktur pemilikan, pelantikan semula mantan CEO dan jenis pertukaran amat mempengaruhi pemilihan pengganti CEO. Firma yang dikawal oleh keluarga atau pengurusan lebih cenderung untuk memilih pengganti dalaman, manakala syarikat yang dikawal oleh pelabur institusi adalah lebih cenderung untuk memilih pengganti luar. Firma yang melantik semula mantan CEO kurang cenderung untuk melantik pengganti luar, manakala firma yang terlibat dengan pertukaran secara paksa memilih pengganti luar. Pemboleh ubah lain seperti prestasi syarikat, atribut ahli lembaga pengarah dan ciri-ciri firma tidak mempengaruhi pemilihan pengganti CEO. Secara umumnya, kajian ini mendapati prestasi meningkat selepas penggantian CEO. Peningkatan dalam prestasi syarikat menjadi signifikan apabila firma terlibat dengan pertukaran secara paksa dan melantik orang luar sebagai pengganti.

Implikasi kajian ialah penggunaan teori modal insan dan teori rangkaian sosial bersama teori agensi memberi lebih pemahaman terhadap kajian berkaitan penggantian CEO dalam konteks Malaysia. Kajian ini mencadangkan agar pihak penggubal undang-undang terutamanya Bursa Malaysia melakukan penguatkuasaan ke atas syarikat supaya mereka mendedahkan semua maklumat berkaitan penggantian CEO secara telus dan mutakhir. Di samping itu Bursa Malaysia perlu meningkatkan penguatkuasaan undang-undang untuk meningkatkan amalan tadbir urus korporat yang baik. Bagi syarikat pula, kajian ini mencadangkan agar pihak syarikat memberi lebih penekanan terhadap peranan dan kualiti ahli jawatankuasa pencalonan memandangkan jawatankuasa ini terlibat secara langsung dalam pemilihan CEO yang baru.

ABSTRACT

This study investigates the key determinants that influence Chief Executive Officer's (CEO) succession amongst Malaysian Public Listed Companies (PLCs). The succession of CEO is divided into two parts, turnover of CEO and the selection of a successor. This study also investigates the consequences of CEO succession on changes in firm's post succession performance. Due to the scarcity of studies on CEO succession, and given a unique environment of concentrated ownership in Malaysia, this study seeks to examine whether firm's performance, firm's governance, the power of CEO and firm characteristic influence the succession of Malaysian PLCs' CEO as was examined on developed countries. Firms' ROA and Tobin's Q are used to measure corporate performance. As far as corporate governance is concerned, this study focuses on how board of directors and ownership structures influence CEO succession. Meanwhile, the CEO power is proxied by CEO's age, tenure, educational background, skills and functional background, share ownership and the disposition of the predecessor in the same company.

Unit analysis of this study is the CEO succession in Malaysian PLCs for the period 2002 to 2005. Data of CEO succession is then classified into turnover and the origin of the successor. A logistic regression is employed to identify factors that influence the propensity of CEO turnover. The dependent variables are coded as turnover and no turnover. Analysis on 145 turnover events over a four-year period indicates that firms that experience low performance, have highly educated CEO, have older CEO, have shorter tenure CEO and have high leverage are more likely to change their CEOs. However, firms that exercise CEO/Chairman duality, have many board members with multiple directorships, controlled by family or management, have CEO ownership and have many business segments are less likely to change their CEOs.

For the selection part, a separate logistic regression is employed with outside succession as the dependent variable. Results reveal that ownership structure, predecessor disposition and turnover type significantly influence CEO selection choice. Firms that are controlled by families or management are more likely to select inside successors while firms that are controlled by institutional investors are more likely to select outsiders as new CEOs. Firms that dispose their CEO are also less likely to invite outsiders to become successors, while firms that are involved with forced turnover choose outsiders as successors. Other variables i.e firm performance, board attributes and firm characteristic do not influence CEO selection choice. This study finds that on average, firms' post-succession performance improves following CEO succession. The improvement in firm performance becomes significant for firms involve with forced turnover and select outsiders as successors.

This study implicates that the application of human capital theory and social network theory along with agency theory provide better understanding of CEO succession study in Malaysian context. This study suggests that the regulators especially Bursa Malaysia should enforce companies to disclose all relevant information related with CEO succession on a transparent and timely manner. Besides that, Bursa Malaysia should increase the law enforcement to enhance good corporate governance practices. For companies, this study proposes that they should put more emphasis on enhancing the role and the quality of board nominating committee members as this committee is directly involved in selecting new CEOs.

ACKNOWLEDGEMENTS

First of all, the thanksgiving to Allah.

The production of this thesis is not simply the result of an individual effort. This thesis would not have been possible without generous support and insights of my supervisors who serves as enthusiastic supporters. I am indebted to Professor Dr. Ku Nor Izah Ku Ismail and Professor Dr. Shamsul Nahar Abdullah, whose contributions to the project are truly too numerous to detail in this preface. Due to their diligence and willingness to open their demanding professional and personnel schedules, this process has been the most rewarding educational experience for which one could hope.

I would like to express my heartfelt thanks to Dr. Mohd 'Atef Md. Yusof, Dr. Shamharir Abidin, Associate Professor Dr. Wan Nordin Wan Hussin and Dr. Kamarun Nisham Taufil Mohd, for their helpful comments and suggestions. I also must thank all staff at Post Graduate Office, College of Business, Universiti Utara Malaysia for their motivational and supportive.

Very special thanks goes out to my husband, Marzuki Mat Arof for his continuous love, support and encouragement, to my six children, Arief, Syafieq, Faris, Aina, Haziq and Anisa for making my life fulfilled. To a number of friends and family, I am eternally grateful for their care and support.

This thesis is dedicated to my mother Ah Morad and my late father, Ishak Lebai Md Diah.

TABLE OF CONTENTS

Permission to Use	
Abstrak (Bahasa Melayu)	
Abstract (English)	
Acknowledgement	
Table of Contents	
List of Tables	
List of Figures	
List of Abbreviations	

CHAPTER 1 INTRODUCTION

1.1	Background of Study	1
1.2	Problem Statement	7
1.3	Research Questions	11
1.4	Research Objectives	11
1.5	Significant of Study	12
1.6	Scope of the Study	14
1.7	Structure of the Thesis	20
1.8	Summary of the Chapter	22

CHAPTER 2 LITERATURE REVIEW

2.1	Introduction	23
2.2	Introduction of Corporate Governance Code	24
	2.2.1 Corporate Governance in Malaysia	26
2.3	CEO Turnover	29
	2.3.1 Theories and Models in CEO Turnover	33
2.4	CEO Selection Choice	40
	2.4.1 Theories in CEO Selection Choice	43
	2.4.1.1 Adaptive View	43

2.4.1.2	Inertial View	44
2.4.1.3	Scapegoating View	44
2.4.1.4	Contingency View	45
2.5	Determinants of CEO Turnover and Selection Choice	46
2.5.1	Corporate Performance	46
2.5.2	Board of Directors' Attributes	53
2.5.2.1	Board Size	56
2.5.2.2	Board Composition	58
2.5.2.3	Board Leadership Structure	62
2.5.2.4	Board Members Multiple Directorships	64
2.5.2.5	Composition of Board Nominating Committee	66
2.5.3	Ownership Structure	67
2.5.3.1	Family Ownership	68
2.5.3.2	Managerial Ownership	70
2.5.3.3	Institutional Investors	72
2.5.3.3	Blockholders	76
2.5.4	CEO Power	77
2.5.4.1	CEO Educational Background	78
2.5.4.2	CEO Skill and Functional Background	78
2.5.4.3	CEO Age	80
2.5.4.4	CEO Tenure	82
2.5.4.5	CEO Ownership	83
2.5.4.6	CEO Disposition	85
2.5.5	Firm Characteristics	86
2.5.5.1	Firm Size	86
2.5.5.2	Firm Leverage	88
2.5.5.3	Firm Diversification	89
2.5.5.4	Industry Effect	90
2.5.6	Turnover Type	91
2.6	The Consequences of CEO Succession	92
2.6.1	Theories in CEO Succession Consequences	93

2.6.1.1	Common Sense Theory	93
2.6.1.2	Vicious Theory	95
2.6.1.3	Ritual-scapegoating Theory	96
2.6.2	Determinant of CEO Succession Consequences	98
2.6.2.1	Pre-succession Performance	99
2.6.2.2	Successor Origin	100
2.6.2.3	Turnover Type	101
2.6.2.3.1	Voluntary turnover	102
2.6.2.3.2	Forced turnover	103
2.7	Summary of the Chapter	104

CHAPTER 3: RESEARCH FRAMEWORK AND DEVELOPMENT OF HYPOTHESES

3.1	Introduction	106
3.2	Research Framework	106
3.3	Research Design Issue	112
3.3.1	Measurement Issue: Prior and Current Measurement.	113
3.3.2	Measurement Issue: CEO Turnover and Selection Year	114
3.3.3	Non-linear Relationship	115
3.3.4	Interaction between Variables	115
3.4	Hypothesis Development for CEO Succession Study	116
3.4.1	Corporate Performance (CP)	116
3.4.2	Board of Directors' Attributes	118
3.4.2.1	Board Size (BSIZE)	119
3.4.2.2	Board Composition (BCOMP)	121
3.4.2.3	Board Leadership Structure (DUALITY)	123
3.4.2.4	Board Members Multiple Directorships (BMDR)	124
3.4.2.5	Composition of Board Nominating Committee (BNC)	126

3.4.3	Ownership Structure	126
3.4.3.1	Family Ownership (FAMILY)	127
3.4.3.2	Managerial Ownership (MGRIAL)	129
3.4.3.3	Institutional investors (INST)	131
3.4.3.4	Blockholders (BLOCK)	134
3.4.4	CEO Power	135
3.4.4.1	CEO Educational Background (EDU)	136
3.4.4.2	CEO Skill and Functional Background (SKILL)	137
3.4.4.3	CEO Age (AGE)	138
3.4.4.4	CEO Tenure (TENURE)	139
3.4.4.5	CEO Ownership (OWN)	140
3.4.4.6	CEO Disposition (DISP)	141
3.4.5	Firm Characteristics	142
3.4.5.1	Firm Size (FSIZE)	142
3.4.5.2	Firm Leverage (LEV)	143
3.4.5.3	Firm Diversification (DIVERS)	144
3.4.5.4	Industry Effect (INDEFFECT)	145
3.4.6	Turnover Type (TURNTYPE)	146
3.5	The Consequences of CEO Succession	147
3.6	Formal Hypotheses	149
3.7	Summary of the Chapter	152

CHAPTER 4: RESEARCH METHODS

4.1	Introduction	153
4.2	Sample Selection Procedure for CEO Succession Study	154
4.2.1	Information Sources	154
4.2.2	Population and Sample Selection	155
4.2.3	Duration of Data	156
4.2.4	Establishing Initial Dataset	157
4.2.5	Assigning Datastream Codes	158
4.2.6	Cleaning the Dataset to Resolve Problem	158

4.2.7	Decision Rules in Sample Selection	159
4.2.8	Methods for Selecting Matching Companies	162
4.3	Method to Identify CEO Succession	165
4.3.1	CEO Turnover	165
4.3.2	Method to Identify CEO Selection Choice	168
4.3.3	Method to Identify CEO Succession Consequences	169
4.4	Methods for CEO Succession Analyses	169
4.4.1	CEO Turnover and CEO Selection Analysis	169
4.4.2	Method for Consequences Analysis	170
4.5	Specification of CEO Succession Models	171
4.5.1	CEO Turnover Model	172
4.5.2	CEO Selection Choice Model	173
4.6	Measurement of Independent Variables for CEO Turnover and Selection Choice Model	174
4.6.1	Corporate Performance	175
4.6.2	Board of Directors' Attributes	177
4.6.2.1	Board Size (BSIZE)	177
4.6.2.2	Board Composition (BCOMP)	177
4.6.2.3	Board Leadership Structure (DUALITY)	177
4.6.2.4	Board Member Multiple Directorships (BMDR)	178
4.6.2.5	Composition of Nominating Committee (BNCC)	178
4.6.3	Ownership Structure	178
4.6.3.1	Family Ownership (FAMILY)	178
4.6.3.2	Managerial Ownership (MGRIAL)	178
4.6.3.3	Institutional Investors (INST)	179
4.6.3.4	Blockholders (BLOCK)	179
4.6.4	CEO Power	180
4.6.4.1	CEO Educational Background (EDU)	180
4.6.4.2	CEO Skill and Functional Background (SKILL)	180
4.6.4.3	CEO Age (AGE)	180
4.6.4.4	CEO Tenure (TENURE)	181

4.6.4.5 CEO Ownership (OWN)	181
4.6.4.6 CEO Disposition (DISP)	181
4.6.5 Firm Characteristics	182
4.6.5.1 Firm Size (FSIZE)	182
4.6.5.2 Firm Leverage (LEV)	182
4.6.5.3 Firm Diversification (DIVERS)	182
4.6.5.4 Industry Effect (INDEFFECT)	182
4.6.6 Turnover Type (TURNTYPE)	183
4.6.7 Summary of Independent Variables	183
4.7 Summary of the Chapter	184

CHAPTER 5 RESULTS ON CEO TURNOVER STUDY

5.1 Introduction	186
5.2 Sample Description and Sample Statistics	186
5.3 Univariate Analysis	193
5.4 Multivariate Analysis	203
5.4.1 Correlation Analysis	203
5.4.2 Logistic Regression Assumptions	207
5.4.3 Logistic Regression Results	209
5.4.3.1 Corporate Performance and CEO Turnover	214
5.4.3.2 Board of Directors' Attributes and CEO Turnover	217
5.4.3.3 Ownership Structure and CEO Turnover	219
5.4.3.4 Incumbent CEO Power and CEO Turnover	222
5.4.3.5 Firms Characteristics and CEO Turnover	225
5.5 Additional Sensitivity Test	227
5.5.1 Alternative Proxies	227
5.5.2 Relationship between Independent Variables and CEO Turnover	235
5.5.3 Forced Turnover versus Voluntary Turnover	238
5.6 Summary of the Chapter	242

CHAPTER 6: RESULTS OF CEO CHOICE SELECTION STUDY AND THE CONSEQUENCES OF CEO SUCCESSION

6.1	Introduction	245
6.2	Sample Characteristics	247
6.3	Univariate Analysis	250
6.4	Multivariate Analysis	261
6.4.1	Correlation Analysis	261
6.4.2	Logistic Regression Assumptions	264
6.4.3	Logistic Regression Results	266
6.4.3.1	Corporate Performance and CEO Selection Choice	269
6.4.3.2	Board of Directors' Attributes and CEO Selection Choice	269
6.4.3.3	Ownership Structure and CEO Selection Choice	272
6.4.3.4	CEO Power and CEO Selection Choice	273
6.4.3.5	Firms Characteristics and CEO Selection Choice	273
6.4.3.6	Turnover Type and CEO Selection Choice	274
6.5	Additional Sensitivity Test	275
6.5.1	Alternative Proxies	275
6.5.2	Relationship between Independent Variables and CEO Selection Choice	280
6.6	Results on Consequences of CEO Succession	284
6.6.1	Further Analysis for Post Succession Performance	290
6.7	Summary of the Chapter	292

CHAPTER 7: SUMMARY AND CONCLUSIONS

7.1	Introduction	294
7.2	Overview, Summary of Results and Conclusions	295
7.3	Implications of the Study.	304
7.4	Limitations of the Study	307
7.5	Suggestions for Future Research	308
7.6	Concluding Remarks	310

REFERENCES	312
-------------------	------------

APPENDICES

Appendix 1: Top Management Turnover	327
Appendix 2: Example of Change in Boardroom Announcement	328
Appendix 3: Turnover Type: Example of Voluntary Turnover	329
Turnover Type: Example of Forced Turnover	330
Appendix 4: Successor Origin: Example of Inside Selection	331
Successor Origin: Example of Outside Selection	332
Appendix 5: Regression Analysis Family Ownership, Managerial Ownership and CEO Ownership	333
Appendix 6: Linearity Test	334
Appendix 7: Results of CEO Turnover Study	
Logistic Regression: Model 1: Family Ownership	337
Logistic Regression: Model 2: Managerial Ownership	338
Logistic Regression: Model 1: CEO Ownership	339
Appendix 8: Pearson Correlation	
Correlation between Institutional Investors, Government and Blockholders	340
Appendix 9: CEO Selection Choice Results	
Logistic Regression: Model 1: Family Ownership	341
Logistic Regression: Model 2: Managerial Ownership	342
Logistic Regression: Model 1: CEO Ownership	343

LIST OF TABLES

Table 4.1:	Sample Selection and Screening Process	162
Table 4.2:	Matching Statistics	165
Table 4.3:	Summary of Main Independent Variables and Alternative Proxies	183
Table 5.1:	Sample Characteristics	189
Table 5.2:	Sample Description (Turnover Companies vs. Matching Companies)	191
Table 5.3:	Reason for CEO Turnover	192
Table 5.4:	Descriptive Statistics for Continuous Variables	194
Table 5.5:	Descriptive Statistics for Dichotomous Variables	200
Table 5.6:	Univariate Logistic Regression Results	202
Table 5.7:	Pearson Correlation	206
Table 5.8:	Collinearity Statistics: Tolerance Value and Variance Inflation Factors	208
Table 5.9:	Residual Statistics- Test of Outliers	209
Table 5.10:	Logistic Regression Results: CEO Turnover	216
Table 5.11:	Results of CEO Turnover Regression Using Alternative Proxy Variables	225
Table 5.12:	Summary of CEO Turnover Findings	234
Table 5.13:	Relationship between Independent Variables and CEO Turnover	237
Table 5.14:	Logistic Regression Results: Forced vs Voluntary Turnover	241
Table 6.1 :	Sample Characteristics	249
Table 6.1a:	Redesignation and Disposition of CEO Position	250
Table 6.2:	Descriptive Statistics for Continuous Variables	253

Table 6.3 :	Descriptive Statistics for Dichotomous Variables	257
Table 6.4:	Univariate Logistic Regression Results	259
Table 6.5 :	Pearson Correlation	263
Table 6.6:	Collinearity Statistics: Tolerance Value and Variance Inflation Factors	265
Table 6.7:	Residuals Statistics-Test of Outliers	266
Table 6.8:	Logistic Regression Results: CEO Selection Choice	270
Table 6.9:	Logistic Regression Results- Model 4: Family Ownership and CEO Disposition	271
Table 6.10:	Results of CEO Selection Choice Using Alternative Proxies	278
Table 6.11:	Summary of CEO Selection Choice Findings	279
Table 6.12:	Type of Independent Variables and CEO Selection Choice	283
Table 6.13 :	Changes in Firm Performance Surrounding CEO Succession	288
Table 6.14:	Post Succession Performance Based on Turnover Type	289
Table 6.15:	Changes in Performance- Turnover and Non- Turnover Companies	291

LIST OF FIGURES

Figure 1:	Structure of the Study	14
Figure 2.1:	A Model of CEO Dismissal	38
Figure 2.2:	Three Stage of CEO Dismissal Model	39
Figure 3.1:	Potential Determinants of CEO Turnover	110
Figure 3.2:	Potential Determinants of CEO Selection Choice	111
Figure 3.3:	Potential Determinants of CEO Succession Consequences	112
Figure 3.4:	CEO Succession Time Line	115
Figure 4.1	Time Line for Firm Performance Data	171

LIST OF ABBREVIATIONS

CAR	Cumulative Abnormal Return
CEO	Chief Executive Officer
FCCG	Finance Committee of Corporate Governance
FPLC	Federation of Public Listed Companies Berhad
FRSa	Financial Reporting Standards
IPC	Infrastructure Project Company
KLSE	Kuala Lumpur Stock Exchange (Bursa Malaysia)
MD	Managing Director
MASB	Malaysian Accounting Standard Board
MESDAQ	Malaysian Exchange of Security Dealing and Automated Quotation
MICG	Malaysian Institute of Corporate Governance
MSWG	Minority Shareholder Watchdog Group
OLS	Ordinary Least Square
PLCs	Public Limited Companies
PwC	PricewaterhouseCoopers
R&D	Research and Development
ROA	Return on Assets
ROE	Return on Equity
TOBIN	Tobin's Q
VIF	Variances Inflation Factors

CHAPTER 1: INTRODUCTION

1.1 Background of the Study

On May 14, 2010 the first high-profile removal of the head of a government-linked company was reported in all Malaysian press. The Sime Darby Bhd's group chief executive, Datuk Ahmad Zubir Murshid was asked to take a leave of absence before the expiry of his contract on Nov 26, 2010. The Sime Darby chairman, Tun Musa Hitam comments that Zubir's leaving was in connection with the cost overruns that the group's energy and utilities division had suffered in carrying out projects in Qatar and the Bakun hydro-electric dam. Related to projects delay and cost overruns in Qatar and Bakun, the board of directors announced a negative impact of RM964 million on the group's second half results for the year ended June 30, 2010 (The Star, May 14). The share price of Sime Darby was traded at RM8.65 on May 12 and the price dropped by 51 cents to RM8.14 and became the top loser counter on May 14 trading day.

Following Ahmad Zubir resignation, Datuk Azhar Abdul Hamid who is currently the head of Sime Darby Plantation division was appointed as the acting group chief executive. Two month later, Datuk Mohd Bakke Salleh, a former Felda Global Ventures Holdings Sdn Bhd's group president and chief executive officer stepped in as Sime Darby's acting president and group chief executive. The former acting group chief executive, Datuk Azhar was redesignated as the special adviser to the acting president and group chief executive (The Star, July, 16). However, Datuk Azhar decided to quit

The contents of
the thesis is for
internal user
only

REFERENCES

- Abdullah, S.N. (2004). Board composition, CEO duality and performance among Malaysian listed companies. *Corporate Governance*, 4(4), 47-61.
- Abidin, S. (2006). *Audit market concentration and auditor choice in the UK*. Unpublished doctoral thesis, University of Stirling, United Kingdom.
- Adnan, H. (2010, July 16). Bakke, Sabri take over helms of plantation giants. Retrieved from <http://thestar.com.my/news/story.asp?file=/2010/7/16/business.6676261>.
- Aggarwal, R., Erel, I., Ferreira, M. & Matos, P. (2009). *Does governance travel around the world?. Evidence from institutional investors*. Unpublished working paper, Georgetown University.
- Allen, M. & Panian, S.K, (1982). Power performance and succession in the large corporation. *Administrative Science Quarterly*, 27, 538-547.
- Allen, M.P., Panian, S.k., & Lotz, R.E. (1979). Managerial succession and organizational performance: A recalcitrant problem revisited. *Administrative Science Quarterly*, 24, 167-180.
- Ayres, F. (1994). Accounting quality perception: What managers should know?. *Journal of Financial Management*, 25, 21-29.
- Bai, C., Liu, Q., Lu, J., Song, F., & Zhang, J. (2003). Corporate governance and market valuation in China. Unpublished working paper, University of Hong Kong.
- Bantel, K., & Jackson, S. (1989). Top management and innovations in banking: Does the composition of the top team make a difference?. *Strategic Management Journal*, 10, 107-124.
- Barro, J.R., & Barro, R.J. (1990). Pay, performance and turnover of bank CEO's. *Journal of Labor Economics*, 8, 448-481.

- Berry, T.K., Bizjak, J.M., Lemmon, M.L., & Naveen, L. (2006). Organizational complexity and CEO labor markets: Evidence from diversified firms. *Journal of Corporate Finance*, 12, 797-817.
- Bhagat, S. & Black, B. (1997). *The uncertain relationship between board composition and firm performance*. Unpublished working Paper, Columbia Law School. New York.
- Blair, M.M. (1995). *Ownership and control: Rethinking corporate governance for twenty-first century*. Washington D.C: The Brookings Institute.
- Boeker, W. (1992). Power and managerial dismissal: Scapegoating at the top. *Administrative Science Quarterly*, 37, 400-414.
- Booz Allen (2007). CEO turnover remains high at world's largest companies, Booz Allen study finds, May, 22. Retrieved from <http://www.boozallen.com/news/36608085?lipd=60806>.
- Boeker, W., & Goodstein, J. (1993). Performance and successor choice: The moderating effects of governance and ownership. *Academy of Management Journal*, 36, 172-186.
- Borokhovich, K.A., Brunarski, K. R., Donahue, M. S., & Harman, Y.S. (2006) The importance of board quality in the event of a CEO death. *The Financial Review*, 41, 307-337.
- Boyd, B.K (1995). CEO duality and firm performance: A contingency model. *Strategic Management Journal*, 16, 301-312.
- Branham, F. L. (2000). Six Truths about Employee Turnover. Retrieved from http://www.amanet.org/books/catalog/0814405975_s.htm.
- Brown, M.C. (1982). Administrative succession and organizational performance: The succession effect. *Administrative Science Quarterly*, 27, 1-16.
- Bursa Malaysia Listing Requirement (2002), Retrieved from KLSE website.

- Bushman, R.M. & Smith, A.J. (2001). Financial accounting information and corporate governance. *Journal of Accounting and Economics*, 32, 237-333.
- Cadbury, A. (1992). *Report of the Committee on the Financial Aspects of Corporate Governance (Cadbury Report)*, London: Ghee & Co. Ltd
- Cannella, A.A.& Lubatkin, M. (1993). Succession as a sociopolitical process: Internal impediments to outsider selection. *Academy of Management Journal*, 36, 763-793
- Chamni, R. (1997). *What's different about family business?*. Unpublished working paper, University of Notre Dame
- Charitou, A., Clubb, C, & Andreau, A. (2001). The effect of earnings permanence, growth and firm size on the usefulness of cash flows and earnings in explaining security returns: Empirical evidence for the UK. *Journal of Business Finance and Accounting*, 28(5) & (6), 563-594.
- Chung, K.H. & Rogers, R.C. (1987). Do insiders make better CEOs than outsiders?. *The Academy of Management Executive*, 1, 323-329
- Claessens, S., Djankov, S. & Lang, L. (1999). Who control East Asian Corporations?, Unpublished manuscript. World Bank and University of Chicago.
- Claessens, S., Djankov, S., & Lang, L.H.P (2000). The separation of ownership and control in East Asian corporations. *Journal of Financial Economics*, 58, 81-112.
- Companies Act 1965 (1993). Kuala Lumpur: International Law Book Services.
- Conyon, M.J., & Florou, A. (2002). *Top executive dismissal, ownership and corporate performance*. Unpublished working paper, London Business School.
- Cosh, A., & Hughes, A. (1997). Executive remuneration, executive dismissal and institutional shareholdings. *International Journal of Industrial Organization*, 15, 469-492.

- Coughlan, A.T., & Schmidt, R.M. (1985). Executive compensation, management turnover, and the firm performance: An empirical investigation. *Journal of Accounting and Economics*, 7, 43-66.
- Dahya, J., McConnell, J.J., & Travlos, N.G.(2002). The Cadbury Committee, corporate performance, and top management turnover. *The Journal of Finance*, LVII, 461-483.
- Daily, C.M., & Dalton, D.R. (1992). Financial performance of founder-managed versus professionally managed small corporations. *Journal of Small Business Management*, April, 25-34.
- Dalton, D.R., Daily, C.M., Ellstrand, A.I., & Johnson, J.L (1998). Meta-analytic reviews of board composition, leadership structure and financial performance. *Strategic Management Journal*, 19, 269-290.
- Dalton, D. R., & Kesner, I.F. (1983). Inside/outside succession and organizational size: The pragmatics of executive replacement. *Academy of Management Journal*, 26, 736-742.
- Dalton, D. R., & Kesner, I.F. (1985). Organizational performance as an antecedent of inside/outside chief executive succession: An empirical assessment. *Academy of Management Journal*, 28, 749-762.
- Datta, D.K., & Guthrie, J.P (1994).Executive succession: Organizational antecedents of CEO characteristics. *Strategic Management Journal*, 15, 569-577.
- Davidson III, W.N., Nemec, C., Worrell, D.L. & Lin, J. (2002). Industrial origin of CEOs in outside succession: Board preference and stockholder reaction. *Journal of Management and Governance*, 6, 295-321.
- Davidson III, W.N., Tong, S., Worrell, D.L., & Rowe, W. (2006). Ignoring rules of succession: How the board reacts to CEO illness announcements. *Journal of Business Strategies*, 23, 93-117.

- DeFond, M.L., & Hung, M. (2004). Investor protection and corporate governance: Evidence from worldwide CEO turnover. *Journal of Accounting Research*, 42, 269-312.
- DeFond, M.L., & Park, C.W. (1999). The effect of competition on CEO turnover. *Journal of Accounting and Economics*, 27, 35-56.
- DeFond, M.L., Hung, M., & Trezevent, R.(2007). Investor protection and the information content of annual earnings announcements: International evidence. *Journal of Accounting and Economics*, 43, 37-67.
- Denis, D.J., & Denis, D.K (1995). Performance changes following top management dismissals. *The Journal of Finance*, L, 1029-1119.
- Denis, D.J., Denis, D.K., & Sarin, A. (1997). Ownership structure and top executive turnover. *Journal of Financial Economics*, 45, 193-221
- Denis, D.K., & McConnell, J.J. (2003). International corporate governance. Working Paper Series in Finance, Retrieved February 7, 2005 From <http://courses.essex.ac.uk/ac/ac302/CG%20International%Comparison.pdf>.
- Dogan, E., & Smyth, R. (2002). Board remuneration, company performance and ownership concentration: Evidence from publicly listed Malaysian companies. *Asian Economic Bulletin*, 19, 319-347.
- Domowitz, I., Glen. J., & Madhavan, A. (2001). Liquidity , volatility and equity trading costs across countries over the time. *International Finance*, 4, 221-255.
- Effiezal, A.A.W., How, J.C.Y., & Verhoeven, P. (2007). The impact of the Malaysian Code on Corporate Governance: Compliance, institutional investors and stock performance. *Journal of Contemporary Accounting & Economics*, 3(2), 106-129.
- Fairchild, L., & Li, J. (2005). Director quality and firm performance. *The Financial Review*, 40, 257-279.

- Fama, E.F., & Jensen, M.C. (1983). Separation of ownership and control. *Journal of Law and Economics*, XXVI, 301-325.
- Fan, D.K.K., Lau, C.M., & Young, M. (2007). Is China's corporate governance beginning to come of age? The case of CEO turnover. *Pacific-Basin Finance Journal*, 15, 105-120.
- Fan, J.P.H., Wong, T.J., & Zhang, T. (2007). Politically connected CEOs, corporate governance, and post-IPO performance of China's newly partially privatized firms. *Journal of Financial Economics*, Articles in Press, 1-31.
- Farrell, K.A., & Whidbee, D.A. (2002). Monitoring by the financial press and forced CEO turnover. *Journal of Banking and Finance*, 26, 2249-2276.
- Finance Committee on Corporate Governance (2001). Malaysia Code on Corporate Governance, Malaysian Institute of Corporate Governance, Kuala Lumpur.
- Frederickson, J.W., Hambrick, D.C., & Baumrin, S. (1988). A model of CEO dismissal. *Academy of Management Review*, 13, 255-270.
- Friedman, S.D., & Singh, H. (1989). CEO succession and stockholder reaction: The influence of organizational context and event content. *Academy of Management Journal*, 32, 718-744.
- Furtado, E.P.H., & Karan, V. (1990). Causes, consequences, and shareholder wealth effects of management turnover: A review of the empirical evidence. *Financial Management ; Summer*, 60-75.
- Ghosh, A., Moon, D., & Tandon, K. (2007). CEO ownership and discretionary investments. *Journal of Business Finance & Accounting*, 34 (5). 819-839.
- Gibson, M.S (2003). Is corporate governance ineffective in emerging markets?. *Journal of Financial and Quantitative Analysis*, 38, 231-250.

- Gillan, S.L., & Starks, L.T. (2003). Corporate governance, corporate ownership and the role of institutional investors: A global perspective. *Journal of Applied Finance*, 13, 4-22.
- Gilson, R.J., & Kraakman, R. (1991). Reinventing the outside directors: An agenda for institutional investors. *Stanford Law Review*, 43, 863-906.
- Godthelp, M., & Glunk, U. (2003). Turnover at the top: Demographic diversity as a determinant of executive turnover in the Netherlands. *European Management Journal*, 21, 614-625.
- Goodstein, J., & Boeker, W. (1991). Turbulence at the top: A new perspective on governance structure changes and strategic changes. *Academy of Management Journal*, 34, 306-330.
- Goyal, V.K., & Park, C.W. (2002). Board leadership structure and CEO turnover. *Journal of Corporate Finance*, 8, 49-66.
- Grusky, O. (1969). Managerial succession and organizational effectiveness. *American Journal of Sociology*, 75, 21-31.
- Hair, J.F., Black, W.C., Babin, B.J., Anderson, R.E., & Tatham, R.J. (2006). *Multivariate Data Analysis (Sixth Edition)*. New Jersey: Pearson International Edition.
- Haleblian, J., & Finkelstein, S. (1993). Top management team size, CEO dominance, and firm performance: The moderating roles of environmental turbulence and discretion. *Academy of Management Journal*, 36, 544-563.
- Haleblian, J., & Rajagopalan, N. (2006). A cognitive model of CEO dismissal: Understanding the influence of board perceptions, attributions and efficacy beliefs. *Journal of Management Studies*, 43, 1009-1026.
- Hambricks, D.C, Geletkanycz, M.A., & Frederickson, J.W. (1993). Top executive commitment to the status quo: Some tests of its determinants. *Strategic Management Journal*, 14, 401-418.

- Hambrick, D.C., & Mason, P.A. (1984). Upper echelons: The organization as a reflection of its top managers. *Academy of Management Journal*, 26, 763-788.
- Haniffa, R.M., & Cooke, T.E. (2002). Culture, corporate governance and disclosure in Malaysian corporations. *Abacus*, 38, 317-349.
- Haniffa, R.M., & Cooke, T.E. (2005). The impact of culture and governance on corporate social reporting. *Journal of Accounting and Public Policy*, 24, 391-430.
- Haniffa, R.M., & Hudaib, M. (2006). Corporate governance structure and performance of Malaysian listed companies. *Journal of Business Finance and Accounting*, 1-29.
- Harrison, J.R., Torres, D.L. & Kukalis, S. (1988). The changing of guard: Turnover and structural change in the top management positions. *Administrative Science Quarterly*, 33, 211-232.
- Hayes, R.H., Oyer, P., Schaefer, S. (2002). *Stability of top management*. Unpublished working paper, Stanford University.
- Hayes, R.H., & Abernathy, W.J (1980). *Managing our way to economic decline*. Harvard Business Review, 58 , 66-77.
- Hermalin, B.E., & Weisbach, M.S. (2003). Board of directors as an endogeneously determined institution: A survey of the economic literature. *FRBNY Economic Policy Review*, April, 7-26.
- Hitt, M.A., Ireland, R.D. & Stadler, G. (1982). Functional importance and company performance: Moderating effects of grand strategies and industry type. *Strategic Management Journal*, 3, 315-330.
- Hosmer, D.W. & Lemeshow, S. (2000). *Applied logistic regression (Second Edition)*. John Wiley.
- Hungenberg, H., Wulf, T. & Stein, P. (2007). *Top management turnover following acquisitions: An empirical analysis of the relationship between executive departure and re-as well as post-acquisition performance in German companies*. Unpublished working paper, Alexander-Universitat Erlangen-Nurnberg, 1-28.

- Huson, M.R., Malatesta, P.H., & Parrino, R. (2004). Managerial succession and firm performance. *Journal of Financial Economics*, 74, 237-275.
- Iqbal, Z., & French, D.W. (2007). Executive share ownership, trading behavior, and corporate control: Evidence from top management turnover during financial distress. *Journal of Economics and Business*, 59, 298-312.
- Jayaseelan, R. (2010, May 14). Sime President and CEO Zubir removed. Retrieved from <http://thestar.com.my/news/story.asp?file=/2010/5/14/business/6259674>.
- Jensen, M.C., & Murphy, K.J. (1990). Performance-pay and top management incentives. *Journal of Political Economy*, 98, 225-264.
- Jensen, M.C. (1993). The modern industrial revolution, exit and the failure of internal control systems. *Journal of Finance*, 48, 831-880.
- Jensen, M.C., & Meckling, W.H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3, 305-360.
- Johnson, S., Boone, P., Breach, A., & Friedman, E. (2000). Corporate governance in the Asian financial crisis. *Journal of Financial Economics*, 58, 141-186.
- Johnson, S., & Mitton, T. (2003). Cronyism and capital controls: Evidence from Malaysia. *Journal of Financial Economics*, 67, 351-382.
- Kang, S.M. (2002). *Handbook on company secretarial practice in Malaysia (Third Edition)*. Kuala Lumpur: Lexis Nexis Business Solutions.
- Kang, J.K., & Shivdasani, A. (1995). Firm performance, corporate governance, and top executive turnover in Japan. *Journal of Financial Economics*, 38, 29-58.
- Kaplan, S.N. (1994). Top executives rewards and firm performance: a comparison of Japan and the United States. *Journal of Political Economy*, 102, 510-546.

- Kesner, I.R. & Sebor, T.C. (1994). Executive succession: Past, present & future. *Journal of Management*, 20, 327-372.
- Khurana, R. (1998). *The changing of the guard: Causes, process and consequences of CEO turnover*. Unpublished, doctoral thesis, Harvard University.
- KLSE-PWC (1999). Corporate governance: 1998 survey of public listed companies in Malaysia.
- Kotter, J.P. (1982). *The General Manager*. New York: Free Press.
- La Porta, R., De-Silanes, F.I., & Shleifer, A. (1999). Corporate ownership around the world. *The Journal of Finance*, LIV, 471-517.
- La Porta, R., De-Silanes, F.I., & Shleifer, A. (2000). Investor protection and corporate governance. *Journal of Financial Economics*, 58, 3-27.
- Lausten, M. (2002). CEO turnover, firm performance and corporate governance: Empirical evidence on Danish firms. *International Journal of Industrial Organization*, 20, 391-414.
- Lauterbach, B., Vu, J., & Weisberg, J. (1999). Internal vs. external successions and their effect on firm performance. *Human Relations*, 52, 1485-1504.
- Leker, J., & Salomo, S (2000). CEO turnover and corporate performance. *Scandinavian Journal of Management*, 16, 287-303.
- Lel, U., & Miller, D.P. (2006). *International cross-listing, firm performance and top management turnover: A test of the bonding hypothesis*. International Finance Discussion Paper, Number 877, 1-60.
- Lieberson, S., & Connor, J.F. (1972). Leadership and organizational performance: A study of large corporations. *American Sociological Review*, 37, 117-130.

Lim passed baton to second son in 2003. (2007, October, 24). Retrieved from <http://thestar.com.my/news/story.asp?file=/2007/10/24/nation>.

Mak, Y.T. & Li, Y. (2001). Determinants of corporate ownership and board structure: Evidence from Singapore. *Journal of Corporate Finance*, 7, 235-256.

Malaysian Code on Corporate Governance, Finance Committee on Corporate Governance, March, 2000.

Malaysian Code on Corporate Governance, Finance Committee on Corporate Governance, March, 2007.

Malaysian corporate governance overtakes US, expert says, The Investor Relation Source, IrontheNet.com. Retrieved From [http:// www.fno.org/may99/strategic.html](http://www.fno.org/may99/strategic.html).

Maury, B. (2006). Corporate performance, corporate governance and top executive turnover in Finland. *European Financial Management*, 12, 221-248.

McConaughy, D., Walker, M., Henderson, G., & Mishra, C. (1998). Founding family controlled firms: Efficiency and value. *Review of Financial Economics*. 7(1), 1-19.

Minority Shareholder Watchdog Group, (2005). *The factors that make directors effective*. BizWeek, The Star, 26 February.

Mitton, T. (2002). A cross-firm analysis of the impact of corporate governance on the East Asian financial crisis. *Journal of Financial Economics*, 64, 215- 241.

Mizruichi, M.S. (1983). Who control whom? An examination of the relation between management and board of directors in large American corporations. *Academy of Management Review*, 8, 426-435.

Mohamad, S., Hassan, T., & Chen, C.M. (2006). *Impact of political-business relationship: Ownership patterns and corporate performance in Malaysia*. Paper presented at the AFA/ FMA 2006 Meeting.

- Mohd Saleh, N., Mohd. Iskandar, T., & Rahmat, M. M. (2005). Earning management and board characteristics: Evidence from Malaysia. *Jurnal Pengurusan*, 24, 77-103.
- Morck, R., Shleifer, A. & Vishney, R. (1988). Management ownership and market valuation: An empirical analysis. *Journal of Financial Economics*, 20, 293-315.
- Ou-Yan, H., & Shuang-shii, C. (2007). CEO turnover, board chairman turnover, the key determinants: Empirical study on Taiwan listed company. *The Business Review*, 7, 129-135.
- Pallant, J. (2007). *Survival manual a step by step guide to data analysis using SPSS for windows (Third Edition)*. New York: Mc-Graw Hill Education.
- Parrino, R. (1997). CEO turnover and outside succession: A cross-sectional analysis. *Journal of Financial Economics*, 46, 195-197.
- Pergola, T.M. (2005). Management entrenchment: Can it negate the effectiveness of recently legislated governance reform?. *Journal of American Academy of Business*, 6, 177-184.
- Pfeffer, J. (1981). *Power in organizations*. Cambridge: Harper & Row.
- Pfeffer, J., & Salancik, G.R., (1978). *The external control of organizations: A resources dependence perspective*. New York: Harper & Row.
- Pfeffer, J., & Blake, A.D. (1986). Administrative succession and organizational performance: How administrator experience mediates the succession effects. *Academy of Management Journal*, 29, 72-83
- Phan, P.H., & Hoon, L.S. (1995). Human capital or social networks: What constraints CEO dismissal?. *Academy of Management Journal, Briarcliff Manor* , 37-41.
- Pi, L., & Timme, S. (1993). Corporate control and bank efficiency. *Journal of Banking and Finance*, 17, 515-530.

- Rajagopalan, N., & Datta, D.K. (1996). CEO characteristics: Does industry matter?. *Academy of Management Journal*, 39, 197-215.
- Rechner, P.L., & Dalton, D.R. (1991). CEO duality and organizational performance: A longitudinal analysis. *Strategic Management Journal*, 12, 155-160.
- Reinganum, M.R. (1985). The effect of executive succession on stockholder wealth. *Administrative Science Quarterly*, 30, 46-60.
- Renneboog, L. (2000). Ownership, managerial control and the governance of companies listed on the Brussels stock exchange. *Journal of Banking and Finance*, 24, 1959-1995.
- Rhim, J.C., Peluchette, J.V., & Song, I. (2006). Stock market reactions and firm performance surrounding CEO succession: Antecedents of succession and successor origin. *Mid-American Journal of Business*, 21, 21-30.
- Salancik, G.R. & Pfeffer, J. (1980). Effects of ownership and performance on executive tenure in U.S corporations. *Academy of Management Journal*, 23, 653-664.
- Shen, W. & Cannella, A.A. (2002). Power dynamics within top management and their impacts on CEO dismissal followed by inside succession. *Academy of Management Journal*, 45, 1195-1206.
- Shivdasani, A., & Yermack, D. (1999). CEO involvement in the selection of new board members: An empirical analysis. *Journal of Finance*, 54, 1829-1853.
- Shleifer, A., & Vishny, R.W.,(1997). A survey of corporate governance. *The Journal of Finance*, LII, 737-783.
- Stone, M., & Rasp, J. (1991). Tradeoffs in the choice between Logit and OLS for accounting choice studies, *The Accounting Review*, 66 (1), 170-187.
- Suchard, J.A., Singh, M., & Barr, R. (2001). The market effects of CEO turnover in Australian firms. *Pacific-Basin Finance Journal*, 9, 1-27.

- Tabanick, B.G., & Fidell, S. (2007). *Using multivariate statistics (Fifth Edition)*. Boston: Pearson Education Inc.
- Thillainathan, R. (1999). *Corporate governance and restructuring in Malaysia- a review of markets, mechanisms, agents and the legal infrastructure*. World Bank/OECD Survey of Corporate Governance.
- Thomas, A., Litchert, R.J., & Ramaswamy, K. (1991). The performance impact of strategy manager coalignment: An empirical examination. *Strategic Management Journal*, 12, 509-522.
- Tsai, W.H., Hung, J.H., Kuo, Y.C., & Kuo, L. (2006). CEO tenure in Taiwanese family and nonfamily firms: An agency theory perspective. *Family Business Review*, XIX, 11-28.
- Vafeas, N. (1999). Board meeting frequency and firm performance. *Journal of Financial Economics*, 53, 524-536.
- Wagner, G.W., Pfeffer, J. & O'Reilly III, C.A. (1984). Organizational demographic and turnover in top management groups. *Administrative Science Quarterly*, 29, 74-92.
- Wallace, P., & Zinkin, J. (2005). *Mastering business in Asia corporate governance*. Singapore: John Willy & Sons (Asia) Pte Ltd.
- Wan Abdullah, W.Z., Ismail, S., & Jamaluddin, N. (2008). The impact of board composition, ownership and CEO duality on audit quality: The Malaysian Evidence. *Malaysian Accounting Review*, 7(2).
- Wan Hussin, W.N. (2009). The impact of family-firm structure and board composition on corporate transparency: Evidence based on segment disclosures in Malaysia. *The International Journal of Accounting*, 4, 313-333.
- Weisbach, M.S. (1988). Outside directors and CEO turnover. *Journal of Financial Economics*, 20, 431-460.

- Woo, E., & Koh, H. (2001). Factors associated with auditor changes: A Singapore study. *Accounting and Business Research*, 31(2), 133-144.
- World Bank (2005). Malaysia: Corporate governance assessment and ROSC module. Retrieved from http://www.worldbank.org/ifa/rosc_cg_malaysia.html.
- Worrell, D.L., Davidson III, W.N., Chandy, P.R., & Garrison, S. (1986). Management turnover through deaths of key executives: Effects on investor wealth. *Academy of Management Journal*, 29, 674-694.
- Yermack, D. (1996). Higher market valuation of companies with a small board of directors. *Journal of Financial Economics*, 40, 185-211.
- Zahra, S. A. & Pearce II, J.A. (1989). Board of directors and corporate financial performance: A review and integrative model. *Journal of Management*, 15, 291-334.
- Zainal Abidin, N., & Ahmad, H. (2005). *Corporate governance in Malaysia: the effect on state business relation*. Paper presented at the 6th Asian Academy of Management Conference, 9-11 December, Ipoh.
- Zajac, B., & Stearns, L.B. (1997). CEO's career backgrounds and corporate long- term strategic planning. *Sociological Inquiry*, 67, 207-226.
- Zajac, E.J., & Westphal, J.D. (1996). Who shall succeed? How CEO/board preferences and power affect the choice of new CEOs. *Academy of Management Journal*, 39, 64-90.
- Zulkifli, A.H., Abdul Samad, F., & Ismail. M.I. (2003). *Corporate governance in Malaysia*. Unpublished working paper, University Malaya.