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BOARD GENDER DIVERSITY AND CORPORATE RISK TAKING

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MASTER OF SCIENCE (FINANCE)
UNIVERSITI UTARA MALAYSIA
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BOARD GENDER DIVERSITY AND CORPORATE RISK TAKING

By

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Thesis Submitted to
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ABSTRACT

This study examines the relationship between board gender diversity and corporate risk taking among Malaysian companies. Pooled Ordinary Least Square (OLS) regression and Panel Data regression are used in this study to examine the relationship between these variables. The selected samples include of Malaysian listed companies in the main board Bursa Malaysia. Final sample consists of 634 non-financial companies with 6,816 firm-year observations for a sample period of 15 years that is from the year 2000 until 2014. Results indicate that the presence of women directors can mitigate corporate risk taking while; male-only board leads to higher level of firm risk taking. These results are consistently significant when different measures are used to proxy for risk taking. Consistently, both pooled OLS and panel data regressions confirm the findings. In addition, fixed effects panel data regression is found to better explained the hypothesised relationship than random effects. This study concludes that board gender diversity can be used as a monitoring agent to mitigate corporate risk taking, supporting the regulator’s initiative to promote gender diversity in the corporate boardrooms.

Keywords: Board gender diversity, Corporate risk taking
ABSTRAK


Kata kunci: Kepelbagaian gender lembaga pengarah, Pengambilan risiko korporat
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<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>CFO</td>
<td>Chief Finance Officer</td>
</tr>
<tr>
<td>EBIT</td>
<td>Earnings before Interest and Tax</td>
</tr>
<tr>
<td>MCCG</td>
<td>Malaysian Code on Corporate Governance</td>
</tr>
<tr>
<td>OLS</td>
<td>Ordinary Least Square</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
</tr>
<tr>
<td>RISK1</td>
<td>Volatility of firm’s ROA over three years overlapping period</td>
</tr>
<tr>
<td>RISK2</td>
<td>Difference between maximum and minimum ROA in three years interval</td>
</tr>
<tr>
<td>ROA</td>
<td>Return on Asset</td>
</tr>
<tr>
<td>VIF</td>
<td>Variance Inflation Factor</td>
</tr>
</tbody>
</table>
CHAPTER 1
INTRODUCTION

This chapter is divided into several sections which are:

1.1 Background of the study
1.2 Problem statement
1.3 Research question
1.4 Research objective
1.5 Scope of study
1.6 Significant of study
1.7 Organization of study

1.1 Background of the Study

Corporate risk taking is important and have great influence on firms performance (John, Litov, and Yeung, 2008). The firms’ performance can significantly be affected by the firms risk taking behaviours. Growth-oriented corporate risk taking could contribute to the growth of firms and shareholders’ value. In fact, firms need to take certain level of risk to create economic value, but excessive risk taking can cause adverse effect. Excessive in risk taking and mismanagement of risk exposures are the reasons that lead to the collapse of Lehman Brothers and the financial crisis in 2008 (Waring, 2013).
The contents of the thesis is for internal user only
REFERENCES


