BOARD COMMITMENT, CONTINUOUS EDUCATION PROGRAM AND FIRM PERFORMANCE: A LAW AND GOVERNANCE CONTEXT

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Abstract

The majority of worldwide corporate governance codes mandate that directors allocate an adequate amount of time to fulfil their responsibilities and consistently enhance their knowledge and abilities through continuous education programs. These two factors are crucial in propelling the organisation towards higher levels of success and satisfying the needs of the stakeholders. This research aims to analyse the impact of board commitment and their access to education on firm performance. After analysing the annual reports of Malaysian public listed companies, this study does not find any conclusive evidence to support earlier research that highlights the advantages of having a director who is committed to the firm and has strong access to educational programs. This might be attributed to the challenge of quantifying the influence of board commitment and their educational opportunities, which may manifest over long periods of time, therefore, making it difficult to capture instant or short-term effects. In addition to assisting policymakers and the company in effectively guiding and monitoring their governance commitment, this study contributes by highlighting the significance of board commitment and board access to education in influencing the performance of the company. Additionally, it contributes to the enhancement of education platforms that are specifically designed for the board of directors.

Keywords: Corporate Governance, Board Commitment, CPD, Transparency, Corporate Disclosure, Financial Reporting

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1. INTRODUCTION

Corporate governance is not new for corporations and for a long time has been recognised as an important factor to ensure business survival. It comprises many elements and principles such as transparency disclosure of information (Zam et al., 2021; Shahar et al., 2020), board remuneration (Jaafar et al., 2014), audit committee (Nor et al., 2018), risk management (Dangi et al., 2019), internal control (Yusuf et al., 2023; Abidin et al., 2019; Karim et al., 2018; Nawawi & Salin, 2018; Shariman et al., 2018), business ethics (Salin, Manan, et al., 2019; Alias et al., 2019; Salin, Ismail, et al., 2019), whistle blowing (Nawawi & Salin, 2019), board responsibilities (Salin et al., 2024; Venturelli et al., 2024) and stakeholders' engagement (Hasan et al., 2024). Arguably, the director's component is the most important and critical because a good director with high integrity can navigate and lead the company to success. Many prior studies show that poor directors as one of the causes of the collapse and scandals of big corporations such as Enron, Volkswagen, Lehman Brothers, WorldCom, Tyco, Satyam, and many others. Due to the wave of many scandals, regulators take a swift action by introducing many new regulations and legislation to prevent similar kinds of scandals from occurring in the future. Unfortunately, one of the missing pieces in this kind of corrective action is the reform of the director's quality and integrity that is responsible for leading a company. To have a good quality director with high integrity, a person needs to be highly committed to their duty and continuously update their knowledge and skills so that they can fully discharge their responsibility effectively.

Board commitment is the level of dedication and active participation of directors in carrying out their duties for the organisation they are part of. Board members' dedication is crucial for the board's effectiveness and the organisation's success. The directors must be willing and able to commit the necessary time to execute their tasks. This time commitment includes participating in board meetings, committee meetings, and other relevant events as a director. In addition, directors must be prepared and well-informed on the topics to be covered at meetings via prior preparation that involves comprehending the offered materials and requesting other information if necessary.

Directors also must engage in board meetings and discussions by expressing their viewpoints, exercising skills, and asking questions to achieve a thorough understanding of the issues as directors are responsible for their decisions and actions, and answerable to both the organisation and its stakeholders. This entails assuming accountability for their choices and behaving in a manner that serves the organisation's best interests. Directors too must be updated on industry and organisational trends, as well as best practices in governance and leadership. It necessitates a dedication to continuous learning and growth. This is why board commitment is crucial for successful governance and the organisation's success. Committed directors contribute essential skills and insights, ensuring effective management and goal achievement within the organisation.

To be a good director, one must have a blend of abilities and knowledge. A director must have strong leadership skills to effectively inspire and drive the team towards achieving organisational objectives. A director also must possess a robust capacity for strategic thinking and the skills to formulate and implement plans to accomplish long-term objectives. To do this, a director must have a profound awareness of the business, industry, and market dynamic to make well-informed decisions that will benefit the organisation. In addition, a director should possess expertise in financial statements, key performance indicators, and financial analysis to oversee the financial success of the organisation. For accurate decision-making, a director must possess a thorough comprehension of the legal and regulatory frameworks relevant to the organisation. This encompasses an understanding of company law, employment law, data protection legislation, and industry-specific regulations.

Non-technical abilities likewise are essential for a competent director. A director should possess exceptional communication skills, encompassing both written and spoken abilities, in order to successfully convey the organisation's vision, mission, and goals. Besides, a director should have good interpersonal skills, the ability to develop relationships, communicate with colleagues, and promote a great work culture. This is due to a director must effectively collaborate with individuals within their organisation and external stakeholders, including consumers, suppliers, and regulators. This necessitates adept team management abilities, the skill to establish and preserve connections, and a comprehension of cultural distinctions.

However, recent trends show that many directors are facing challenges in fulfilling their responsibilities inside the organisation. This person is referred to as a busy director. A busy director can have both positive and negative impacts on an organisation. Although they can offer essential skills and expertise, they may also have limits that could impact their efficacy. A busy director may be less available to the organisation and may have limited time to interact with staff or stakeholders. They might be more susceptible to burnout or stress, impacting their decision-making skills and overall performance. To make it worse, a busy director may have limited time for strategic planning and long-term thinking, which can hinder the organisation's growth potential. While directors might assign duties to other executives or managers, delegating without adequate advice or supervision can result in miscommunication or mistakes.

Due to this, it is interesting to explore how the commitment shown by the directors will contribute to the good achievement of the company in meeting its vision, mission and objectives. Besides, this commitment can be enhanced if the directors continuously update their competencies and expertise via education and training. In short, the purpose of this study is to examine the impact of the board's commitment and their access to education on the performance of the company. In essence, this study wishes to answer the following research question:

RQ: What is the impact of the board's commitment and access to education on the performance of the company?

This study is unique because it examines and evaluates the factors that influence a company's performance using the Malaysian Code on Corporate Governance (MCCG) (Securities Commission Malaysia, 2021) as a framework. This rule delineates two fundamental elements of effective governance that can boost the long-term profitability and sustainability of the company namely board commitment and board access to education.

The commitment of corporate boards is crucial in improving corporate performance through the establishment of strategic direction, the implementation of effective supervision, and the promotion of responsibility. An unwavering and actively involved board is essential for advancing openness, reducing conflicts of interest, and cultivating a climate of honesty and ethical behavior inside the organisation. In addition, a dedicated board is more prepared to foresee and handle new risks, adjust to changing market conditions, and take advantage of chances for growth. This eventually leads to the creation of long-term value for both shareholders and stakeholders.

On the other hand, having access to education for board members is crucial for improving corporate performance because it provides them with the required information and abilities to efficiently carry out their fiduciary responsibilities. Continuous education allows board members to stay updated on changing regulatory requirements, developing industry trends, and best practices in governance, finance, and risk management. Directors who are well-informed are more capable of offering strategic guidance, questioning management decisions, and making well-informed judgements. This ultimately improves the efficacy of the board and the quality of decision-making. Moreover, education cultivates a climate of acquiring knowledge and creativity within the board team, enabling the implementation of effective management methods and encouraging a proactive mindset in tackling intricate business issues, ultimately leading to enhanced corporate performance and enduring viability. To summarise, the company has to incorporate both board commitment and access to education into a structured and comprehensive governance framework in order to facilitate efficient and successful administration.

This study has made several significant contributions. First, the study's findings will highlight the importance of board commitment and board access to education in influencing and supporting the company's outstanding performance. Second, this study will assist the regulatory body, policymakers, and the company in effectively guiding and monitoring their governance commitment, as well as enhancing the education platforms specifically designed for the board of directors. To maintain compliance with local and global standards, it is important to create guidelines and best practices for the level of commitment that business boards should have towards education and lifelong learning. Third, this study aims to augment the current body of literature and theoretical comprehension about board commitment and access to education in emerging nations. The majority of corporate governance literature focuses on the relationship between corporate governance characteristics and overall business success while failing to consider the specific influence of board commitment and board access to education.

The following is an outline of the structure of this work. In Section 2, the relevant literature is discussed. In Section 3, the methodology that has been used in the research that has been conducted on board commitment and board access to education is presented. In Section 4, the findings of the research are shared. In Section 5, the results are discussed. In Section 6, the conclusion is found.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1. Board commitment

Directors with many external appointments have been known as busy directors (Harris & Shimizu, 2004). Although a director's willingness to be invited to other companies will create a strategic complement of corporate governance across the firms via wider networking (Levit & Malenko, 2015), these directors might compromise their attention and responsibility in carrying out their duties in the company. The situation will deteriorate if the firm has a high proportion of busy non-executive directors, resulting in only a small number of directors fulfilling their responsibilities. Excessive external commitments can hinder their capacity to dedicate adequate time to board responsibilities (Kaczmarek et al., 2012). For example, Jiraporn et al. (2009) found that individuals with multiple board seats exhibit a higher tendency to be absent from board meetings.

However, it cannot be denied that board commitment is a crucial factor in assessing the efficacy of a board in fulfilling its responsibilities. The amount of time and focus they dedicate to the job reflects their loyalty to the firm. The commitment of directors is a cornerstone of effective corporate governance because, from the perspectives of stewardship and fiduciary duty, directors act as stewards of the company, safeguarding shareholders' interests. Their unwavering commitment ensures responsible decision-making aligned with long-term sustainability, shaping the company's strategic direction and proactively addressing challenges to ensure the resilience and continuity of the company.

Besides, directors also set the tone for ethical behavior within the organisation. Thus, their commitment to integrity influences the corporate culture and builds trust among the stakeholders. Their oversight role which includes risk assessment, performance evaluation, and ethical compliance ensures objective decision-making and reflects the company's values and principles. Hence, their commitment to transparent reporting and accountability will foster positive stakeholder relationships, particularly with shareholders, employees, customers, and communities. Prior literature found that board involvement and commitment to firm activities influence firm performance (Das & Dey, 2016). Thus, the following hypothesis is developed:

H1: There is a positive relationship between board commitment and corporate performance.

2.2. Access to continuing education program

Education is a crucial factor in promoting normative isomorphism within an organisation, which occurs as a result of influence from peer organisations and professional standards. Managers who exhibit strong normative isomorphism are highly motivated to adhere to societal obligations (DiMaggio & Powell, 1983) and hence, make more efforts to best serve the interest of the shareholders. Wallace and Cooke (1990) believed that board members with extensive education, particularly in business, are more transparent and inclined to provide detailed information about the company to improve its reputation (Haniffa & Cooke, 2002). Moreover, Roberts et al. (2005) discovered that education has a crucial role in enabling a non-executive director to exercise independent judgment, leading to increased responsibility and accountability. Similarly, Korac-Kakabadse et al. (2001) documented that board members had a high level of independence as a result of strong director education, which impacted on good practice of governance.

Besides that, other scholars suggest that one of the factors that can contribute to improvement in the board's strategic decision-making process is a director's educational background (Ruigrok et al., 2006). Directors with relevant industrial knowledge, skills and expertise can perform their board roles and contribute to firm performance (Carpenter & Westphal, 2001). Empirical evidence shows that continuing training for directors is critical to both board and company performance (Jackson & Holland, 1998). In addition, Pynes (2009) recommended that tailored training programmes, directly addressing the specific needs of individuals and work requirements, can enhance individual performance. Skilled and capable board members are essential as they may contribute information, expertise, and intellectual resources to enhance the organisation (Brown, 2007). This is also supported by Preston and Brown (2004), who suggested that individual performance indicators should be based on several factors, including knowledge and skills to perform the role.

All of these arguments are consistent with the concept of board capital (Hillman & Dalziel, 2003). Board capital is associated with high experience, expertise and reputation. Knowledge is one of the factors critical for the establishment of board capital (Brown, 2007). Having this kind of board is necessary for the company as previous literature found that board capital is able to provide necessary and quality advice and counsel (Westphal, 1998), improve company visibility and status (Certo et al., 2001) help companies to secure valuable resources (Provan, 1980), improve decision making (Arora & Sharma, 2016) and help top management teams of younger firms to survive in the business (Knockaert et al., 2015). Thus, the following hypothesis is proposed:

H2: There is a positive relationship between board access to continuing education programs and corporate performance.

2.3. Theoretical framework: Resource dependence theory

Resource dependence theory is a theory in organisational studies developed by Pfeffer and Salancik (1978). According to this view, organisations rely on resources for their survival, growth, and effectiveness. The resources consist of various tangible and intangible assets such as financial capital, human capital, information, technology, and social networks. Organisations need to deliberately handle their reliance on resources in order to reach their goals and sustain a competitive edge.

The resource dependence theory offers useful insights into the dynamics of resource dependencies and organisational survival strategies. These insights can be directly tied to the roles that can be played by board commitment and board education inside organisations. The dedication of the board of directors becomes absolutely necessary in this scenario since they play a major part in the process of negotiating and managing the resource dependencies that are involved. To cultivate strong relationships with external stakeholders, such as investors, lenders, and strategic partners, it is vital to have a board of directors that is devoted to the organisation. This will ensure that the organisation receives a consistent and dependable flow of resources.

In addition, board education plays a significant role in providing directors with the information and abilities that are essential for efficiently navigating resource dependencies in a manner that is congruent with the strategic objectives of the organisation. A board that has received adequate education is in a better position to evaluate the organisation's resource requirements, recognise potential threats and opportunities, and devise strategic efforts to improve resource acquisition and utilisation. Organisations may empower their directors to make educated decisions that optimise resource allocation and contribute to the long-term sustainability and resilience of the organisation in dynamic contexts by investing in board education. This can be accomplished by providing directors with appropriate training.

3. RESEARCH METHODOLOGY

3.1. Sample and period of study

Included in this research are the 500 biggest companies listed on Bursa Malaysia, the Malaysian Stock Exchange, based on market capitalization. This research spanned two years, from 2013 to 2014, in terms of data collection. The total number of companies listed on Bursa Malaysia is 802 for 2013 and 799 for 2014.

3.2. Variables

This study used four measurements to assess the dependent variable, business performance (*PERF*), which is categorised into two groups, namely operating performance and market valuation. Return on equity (*ROE*) and return on assets (*ROA*) are used to assess operating performance. These metrics are commonly employed by researchers such as Gompers et al. (2003) and Bhagat and Bolton (2008). *Tobin's Q* and the market-to-book (*MTB*) ratio are often used to assess the market valuation of a corporation. *Tobin's Q* is widely used by scholars such as Kaplan and Zingales (1997), Gompers et al. (2003), and Bhagat and Bolton (2008), while *MTB* is employed by Gompers et al. (2003) and Donker et al. (2008).

The criteria that are described in the MCCG were used to evaluate the two independent variables that were being investigated in this study. These variables were board commitment (*TComt*) and board access to education (*TEduc*). Using a Likert scale with three points, an evaluation tool was developed in order to investigate the factors. A score of "2" represents a high level of disclosure (more information), a score of "1" indicates the minimum required disclosure according to MCCG, and a score of "0" indicates that there is no disclosure present (no information). To enhance the construct validity of the initial instrument, it was validated by a number of experts in the field of corporate governance research. In total, four questions were developed to evaluate the dedication of the board and three items were developed to evaluate the board's access to appropriate educational opportunities.

For the control variables, this study used company size (*Size*), leverage (*Lev*), and age (*Age*). Company size is determined by calculating the logarithm of the total assets, as described by Bebchuk et al. (2009). Leverage is calculated by dividing the total liabilities by the total assets, as explained by Bhagat and Bolton (2008) and Bebchuk et al. (2009). Firm age is calculated by considering the number of years that have passed since the firm was officially established (Bebchuk et al., 2009; Camfferman & Cooke, 2002).

3.3. Model specification

In testing the hypotheses, a regression model was used as follows.

$$PERF = TComt + TEduc + Size + Lev + Age + \varepsilon \quad (1)$$

where, *PERF* — business performance, *TComt* — board commitment, *TEduc* — board access to education, *Size* — the size of the company, *Lev* — leverage, *Age* — years since incorporation, and ε — error term.

4. RESEARCH RESULTS

4.1. Descriptive findings

Table 1 shows the descriptive results of the study. It shows an average result of all the variables in this study. The average score achieved by the companies for board commitment was 0.76 in 2013 and 0.79 in 2014. The minimum score was zero for both 2013 and 2014 while the maximum score was 5 in 2013 and slightly increased to 7 in 2014. For board access to education, the average score was 2.66 and 2.55 in 2013 and 2014, respectively. The minimum score was zero in both years while the maximum score was 6, also in both years.

Table 1. Descriptive statistics

Variables	*N*	*2013*					*2014*				
		Min	*Max*	*Mean*	*Median*	*Std. dev.*	*Min*	*Max*	*Mean*	*Median*	*Std. dev.*
TComt	437	0	5	0.76	0.00	1.124	0	7	0.79	0.00	1.105
TEduc	437	0	6	2.66	3.00	1.372	0	6	2.55	3.00	1.214
ROE	437	-0.6950	1.6580	0.1056	0.0920	0.1715	-1.2930	12.8330	0.1393	0.0880	0.7221
ROA	437	-0.3890	0.5910	0.0610	0.0540	0.07903	-0.3260	6.3380	0.0702	0.0500	0.3101
NP	437	-3.4030	7.9480	0.1501	0.0900	0.6362	-1.8200	90.303	0.3294	0.0850	4.3450
Tobin's Q	437	-0.4400	14.3540	1.6949	1.3550	1.3014	-12.5035	11.1836	1.0491	1.1510	1.9197
MTB	437	0.0260	13.4590	0.9920	0.6290	1.2773	0.0190	14.7720	0.9064	0.5388	1.3116
Size	437	4.6392	7.9957	5.9290	5.8461	0.5838	4.7367	8.0440	5.9731	5.8815	0.5814
Lev	437	0.0000	0.6429	0.1255	0.0879	0.1363	0.0000	0.6070	0.1280	0.0836	0.1387
Age	437	1.0000	41.0000	17.3157	18.000	8.5236	2.0000	43.0000	18.8352	19.00	8.6668

Note: NP — net profit margin.

For the dependent variable, there are five measurements employed in this study, namely *ROE, ROA, NP, MTB*, and *Tobin's Q*. *ROE, ROA,* and *NP* were employed to measure the performance of the company based on its accounting profit, while *MTB* and *Tobin's Q* are based on the market value of the company. The average value of *ROE* increased slightly from 10.56% in 2013 to 13.93% in 2014. However, the maximum value decreased from 165.8% in 2013 to 128.33% in 2014, while the minimum value recorded decreased from -69.5% in 2013 to -129.3% in 2014. For *ROA*, the average value increased from 6.1% in 2013 to 7.0% in 2014. The maximum value also increased from 59.1% in 2013 to 633.8% in 2014. The minimum value also increased from -38.9% in 2013 to -32.6% in 2014. The last measurement in the accounting profit category, *NP*, also increased. The average value of 15.01% in 2013 was doubled in 2014 to 32.94%. The maximum value had also substantially increased from 794.8% in 2013 to 9,030.3% in 2014, while the minimum value increased from -340.3% in 2013 to -182.0% in 2014.

For *MTB* and *Tobin's Q*, the majority of the companies had a good value that was close to 1 for *MTB* and higher than 1 for *Tobin's Q*, indicating that the market value and share price of the companies were equal to or more than their replacement cost or book value of assets. For example, the ratio of *Tobin's Q* was 1.6949 in 2013. Although it decreased to 1.0491 in 2014, the ratio was still higher than 1. The maximum value was 14.354 and 11.1836 in 2013 and 2014, respectively, while the minimum value was -0.44 in 2013 and -12.5035 in 2014. Meanwhile, for *MTB*, the maximum value was 13.459 and 14.772 in 2013 and 2014, respectively, and its minimum value was 0.026 and 0.019 in 2013 and 2014, respectively.

The control variables were relatively stable from 2013 to 2014. The average total assets for both years were approximately 6.0 with a range of approximately 4.6 to 8.0. The average years of the company in business was 18 years, with the minimum number of years at about one year, while the longest time the company was in business was 43 years. The leverage level was also very low, with the average leverage level below 13%. The maximum level of leverage recorded was 65% and 60% in 2013 and 2014, respectively.

4.2. Regression and hypotheses analysis

It was necessary for the board to be certain that the individual directors of the corporation were committed to the organisation by securing their commitment at the time of appointment. In order to accept a new appointment for the current directors, they were required to provide the chairman of the company with necessary notification of the new appointment. It was for this reason that the company wanted to make sure that the directors invested enough time and effort to fulfil their responsibilities within the organisation. However, the research did not uncover any significant relationships, which led to the conclusion that *H1* was rejected.

Table A.1 shows that this variable only has a marginally significant relationship with *MTB* at the 10% level in 2013 ($\beta = 0.082$, $p > 0.1$). However, for the rest of the measurement, no significant relationships were found (*ROE*: 2013 — $\beta = 0.065$, $p > 0.1$; 2014 — $\beta = 0.060$, $p > 0.1$; *ROA*: 2013 — $\beta = 0.041$, $p > 0.1$; 2014 — $\beta = 0.066$, $p > 0.1$; *Tobin's Q*: 2013 — $\beta = 0.031$, $p > 0.1$; 2014 — $\beta = -0.015$, $p > 0.1$; *MTB*: 2014 — $\beta = 0.006$, $p > 0.1$).

Apart from commitment to their duty and roles, it was expected that directors with good access to education would contribute to a positive performance of the company because these directors were more knowledgeable and of a higher quality. Table A.1, however, shows that there is no significant relationship between the directors' access to education with corporate performance (*ROE*: 2013 — $\beta = -0.044$, $p > 0.1$; 2014 — $\beta = 0.052$, $p > 0.1$; *ROA*: 2013 — $\beta = -0.036$, $p > 0.1$; 2014 — $\beta = -0.043$, $p > 0.1$; *Tobin's Q*: 2013 — $\beta = -0.030$, $p > 0.1$; 2014 — $\beta = 0.012$, $p > 0.1$; *MTB*: 2013 — $\beta = -0.014$, $p > 0.1$). It was only marginally significant with *MTB* at the 10% level in 2014 but was rejected due to the opposite direction being predicted ($\beta = -0.081$, $p < 0.1$). Thus, *H2* is rejected.

5. DISCUSSION OF THE RESULTS

This study predicted that board commitment will influence the performance of the company. However, the result indicates that this variable was not statistically significant across all the corporate performance measurements except for MTB which demonstrates only marginal significance. This may be due to the commitment by the directors being shown by other means like attendance to the board meeting, participation in the annual general meetings, and contributions made by directors during the board and committee meeting, which were all beyond the scope of this research. This study examined board commitment via time commitment and notification by directors to the chairman of the company before accepting any new directorship.

Prior research shows that having multiple directorships in various companies can hinder a director's ability to effectively serve each company (Fich & Shivdasani, 2006) and is associated with higher accounting fraud (Beasley, 1996), higher executive compensation payment (Core et al., 1999), deteriorating company performance (Andres et al., 2013) and diminishing firm value creation (Kaczmarek et al., 2012). In the banking sector, Cooper and Uzun (2012) found that the bank's risk is positively related to multiple board appointments of bank directors. The findings of the empirical studies also suggest that their resignation positively affects the stock price (Bar-Hava et al., 2013; Fich & Shivdasani, 2006) and there is a negative market reaction to their appointment (Masulis & Mobbs, 2011).

This study also predicts a positive corporate performance relationship if directors have good access to education. Similar to board commitment, no significant relationship was recorded with all performance measurements for all years under examination except for MTB in 2014. There is a possibility that this is due to the fact that at the level of directors, their professional experience, talents, and successfully proven track record were more essential than their educational background. Despite the fact that the company was obligated to provide the director with convenient and improved access to continuing education by means of attending a predetermined number of training hours in accordance with the requirements of the MCCG, this quality is meaningless if it cannot be applied and translated into superior individual performance and effective contribution. It also suggests that the theoretical information that is obtained throughout the training process is of lesser significance in comparison to the applied or practical knowledge that is practiced by the directors, which may have been learned mostly during the course of their day-to-day administrations.

6. CONCLUSION

This study's objective is to investigate the impact that board dedication and board access to education have on the overall success of a firm with regard to its corporate performance. It has been shown in previous literature that numerous benefits and advantages may be acquired by the organisation if it has directors who are committed to their specific work. In addition, the presence of directors who are both informed and skilled will give additional value to the companies when it comes to making decisions that are both significant and critical. Regrettably, this study does not provide any evidence to corroborate the previous research that emphasises the benefits of having a director who is both informed and devoted. It is possible that the insignificant association was caused by the fact that the variables (board commitment and board access to education) were only measured and defined with respect to MCCG.

This research contains a number of limitations, which presents a potential for more investigation in the future. For the purpose of this study, only the annual report of the company was used to collect data. In the future, it is suggested that additional means of data collecting, such as surveys and interviews, be utilised for the purpose of conducting research. In particular, this is helpful for researchers since it allows them to obtain more detailed information that cannot be obtained via annual reports and other sources that are in the public domain, such as websites of companies and announcements made by stock exchanges. Additionally, the time frame of the study is limited to only two years. Future studies can be prolonged for a longer period of time, such as for more than ten years, in order to conduct an analysis that is more comprehensive and robust, hence obtaining conclusions that are more authoritative. Finally, this study only used multiple regression as its statistical analysis method. Hence, other statistical analysis techniques, such as time series and panel data regression, might be utilised in future research to get better and more concrete conclusions.

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APPENDIX

Table A.1. Multiple regression results

Variable	***ROE***						***ROA***						***Tobin's Q***						***MTB***					
	2013			***2014***			***2013***			***2014***			***2013***			***2014***			***2013***			***2014***		
	R = 0.162 R^2 = 0.026 Adjusted R^2 = 0.015 F-value = 2.330 Sig. F = 0.042			***R = 0.113 R^2 = 0.013 Adjusted R^2 = -0.001 F-value = 1.108 Sig. F = 0.355***			***R = 0.272 R^2 = 0.074 Adjusted R^2 = 0.063 F-value = 6.911 Sig. F = 0.000***			***R = 0.185 R^2 = 0.034 Adjusted R^2 = 0.023 F-value = 3.066 Sig. F = 0.010***			***R = 0.176 R^2 = 0.031 Adjusted R^2 = 0.020 F-value = 2.741 Sig. F = 0.019***			***R = 0.191 R^2 = 0.037 Adjusted R^2 = 0.025 F-value = 3.272 Sig. F = 0.007***			***R = 0.267 R^2 = 0.071 Adjusted R^2 = 0.065 F-value = 6.616 Sig. F = 0.000***			***R = 0.309 R^2 = 0.096 Adjusted R^2 = 0.085 F-value = 9.111 Sig. F = 0.000***		
	B	***SE B***	***β***	***B***	***SE B***	***β***	***B***	***SE B***	***β***	***B***	***SE B***	***β***	***B***	***SE B***	***β***	***B***	***SE B***	***β***	***B***	***SE B***	***β***	***B***	***SE B***	***β***
(Constant)	0.056	0.091		-0.510	0.305		0.064	0.041		-0.302	0.331		1.044	0.688		-2.285	1.049		1.114	0.227		0.216	0.196	
TComt	0.013	0.007	0.082*	0.042	0.025	0.084*	0.004	0.003	0.051	0.047	0.027	0.085*	0.097	0.056	0.084*	0.074	0.085	0.042	0.043	0.019	0.111**	0.039	0.016	0.117**
TEduc	-0.005	0.006	-0.036	-0.011	0.022	-0.024	-0.002	0.003	-0.029	-0.007	0.024	-0.014	-0.014	0.046	-0.014	0.025	0.076	0.016	0.000	0.015	0.001	-0.018	0.014	-0.058
Size	0.017	0.016	0.059	-0.088	0.054	-0.092	0.006	0.007	0.046	-0.153	0.058	-0.147**	0.167	0.122	0.075	0.619	0.185	0.187**	-0.012	0.040	-0.016	-0.050	0.035	-0.078
Lev	-0.149	0.067	-0.119**	0.300	0.217	0.075	-0.146	0.030	-0.252***	-0.273	0.235	-0.063	-1.512	0.509	-0.158**	-0.814	0.747	-0.059	-0.709	0.168	-0.221***	-0.623	0.140	-0.233***
Age	-0.002	0.001	-0.091*	0.001	0.003	0.023	-0.001	0.000	-0.123*	0.003	0.003	0.041	-0.011	0.007	-0.070	-0.020	0.011	-0.091*	-0.005	0.002	-0.107**	-0.003	0.002	-0.059

*Note: SE — standard error. Statistically significant at: * 0.10, ** 0.05, and *** 0.01. Variance inflation factor (VIF) is less than 10 and tolerance for collinearity is more than 0.1 for all variables.*