SHAREHOLDERS' ENGAGEMENT AND CORPORATE PERFORMANCE

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Abstract

An investor relations function fosters continuous and direct communication between executives and stakeholders (Chapman et al., 2022). However, this function does not attract sufficient attention from the researchers, and not much literature documenting and evidence of the importance of developing strong relationships between firms with both shareholders and other stakeholders, which can lead to long-term partnership, increased loyalty, and hence, better operations carried out by the business entities. In light of this, the objective of this study is to investigate the connection between the level of engagement of shareholders and the profitability of corporations. This study uses content analysis on the financial statements of the 442 largest publicly listed companies in Malaysia by market value to examine the investor relations practices. This study finds that the proactive engagement with shareholders had a significant positive relationship with corporate performance. No significant relationship was found between general meetings with corporate performance. This study provides further evidence on the importance of a good governance process via the inclusivity of shareholders and stakeholders in certain corporate exercises and activities (Lu et al., 2023). Specifically, this study emphasises the advantages of ongoing shareholder engagement for the company's performance. Consequently, the corporation must enhance its initiatives to foster an active discussion with various groups of shareholders and stakeholders.

Keywords: Transparency, Shareholders, General Meeting, Stakeholders, Corporate Governance, Corporate Disclosure

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1. INTRODUCTION

Undeniably, in the fast-changing business environment, companies need a well-structured management process to be more competitive and ahead of their business rivals. In this context, corporate governance is one of the important mechanisms that need to be applied by the company, as it is proven that a company that has good corporate governance practice is able to perform better than a company that does not (Salin et al., 2019). There are many benefits of good governance, such as preventing significant loss from theft and fraud (Abidin et al., 2019; Salin et al., 2020; Bajraktari, 2023), minimising abuse of power (Nawawi & Salin, 2019), better transparency, improved risk management, and strong internal control (Karim et al., 2018). Even in the public sector, good governance is always associated with strong accountability that becomes a factor in ensuring public resources are not wasted due to inefficient management. Corporate governance can be described as the active relationships among a company's management, board, shareholders, and other stakeholders (Organisation for Economic Co-operation and Development [OECD], 2023). Corporate governance establishes the framework for defining the goals of the organisation and formulating the methods for achieving those goals and evaluating performance (Di Carlo & Ranalli, 2023).

Based on OECD (2023), corporate governance comprises many components such as disclosure and transparency, board responsibilities, sustainability, institutional shareholders, and fair treatment of capital providers. One of the important elements of checks and balances in this corporate governance component is shareholders' engagement. It refers to the capability of shareholders to utilise their rights to vote, communicate with the company's board of directors and administration, and have a conversation about issues that are specific to the business or non-diversifiable elements that influence their investments (Danielson et al., 2024; Shah & Li, 2025). It is a best practice for company to reveal their codes on shareholder involvement with the intention of enhancing the responsibility of institutional investors as well as their role in holding corporate boards and executives accountable for their actions. In certain jurisdictions, these codes are known as stewardship codes.

Consistent, superior involvement and interactions with investors cultivate trust and comprehension between the business and its investors. It offers shareholders a clearer understanding of the company's goals and the calibre of its top executives. This will aid shareholders in assessing the company and enable the judicious exercise of their votes. From the company's standpoint, it offers a channel for important input that can be utilised to comprehend the demands of shareholders and formulate corporate objectives.

However, the shareholders' engagement in certain countries, especially in developing countries, in Malaysia not well practiced. Many companies do not hold frequent meetings with their shareholders to give up-to-date information about the company. This can be due to the perception that shareholders may stir up trouble and interfere with the decision-making of the company. In addition, many directors do not view shareholders' engagement as part of their duty, and shareholders do not express much interest in speaking to directors.

Besides, one of the issues relating to shareholders' engagement is the concerning of company to ensure that it avoids selective disclosure of sensitive and material information. Fundamentally, important details should not be revealed selectively to analysts, shareholders, or others unless it has been properly published and circulated to the public beforehand.

Therefore, it is interesting to analyse the strategies of stakeholder involvement and their influence on the favourable performance of the organisation. This study thus aims to investigate the relationship between shareholder participation and business performance. Effective shareholder involvement fosters robust support from shareholders and mitigates undesirable behaviours, such as abrupt capital departure, that could harm the company. This work specifically seeks to address the research question:

RQ: What is the influence of shareholders' engagement on the performance of the company?

This study is original, as it examines shareholders' engagement from the Malaysian Code on Corporate Governance (MCCG), which involves several requirements. These include recommendations for the company to encourage shareholders' participation in general meetings, promote effective communication, proactive engagement, and encourage poll voting. All these requirements are designed to ensure that the board and executive of the company implement their duty of directing their efforts and resources towards the optimum operations of the company and its capital providers. At the same time, the rights of other stakeholders are not eliminated.

This research has multiple contributions. The study's results will demonstrate the advantages of shareholder involvement in the company's development. Consequently, the pertinent regulatory authorities and policymakers must enhance their initiatives to foster an active conversation with various groups of shareholders and stakeholders. Different groups normally bring different needs, concerns, issues, and expectations. Continuous commitment and active engagement with shareholder allow the board and management to identify their diverse perspectives, hence reconciling company strategies that can effectively address specific challenges.

Besides, this study will assist the business in facilitating and monitoring the company's engagement activities and practices. This will increase their reputation, integrity, and hold them better accountable for judgments rendered within the organisation. This will assist directors in making informed and suitable decisions in their roles, benefiting all stakeholders of the organisation.

In addition, this study will also enhance the literature and theoretical knowledge of shareholder participation, particularly within the Malaysian setting. Much corporate governance research only examines the association between governance traits and company performance, neglecting the significance of shareholder participation, which is essential for the long-term viability of the organisation.

This paper is structured as follows. Section 2 comprises a literature review. Section 3 describes the study methods. Section 4 encompasses the findings, whilst Section 5 presents the discussion. Section 6 provides the conclusion, limits, and recommendations for future research.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1. Participation of shareholders at general meetings

Many corporate governance principles and guidelines around the world require companies to make a serious effort to make general meetings of the company more effective and make engagement with shareholders more visible. This is because shareholders fulfil a crucial function in the corporate governance ecosystem by overseeing the company's operation to ensure it is parallel with their interests.

Regular attendance at general meetings, whether they be ordinary annual general meetings (AGM) or extraordinary general meetings (EGM), is a highly effective means for shareholders to influence the decision procedures of the company (Škare & Hasić, 2016) and assert their authority and entitlements through voting, particularly in a system where shareholders' safeguards are inadequate. The research conducted by Iliev et al. (2015) revealed that shareholders' voting is a very efficient method for implementing good governance.

Meanwhile, the AGM serves as a platform that offers a potentially significant avenue for shareholders to comprehend the company and for managers to disclose more data, impartially to stakeholders, that is not usually accessible through other sources, such as annual reports and press releases (Olibe, 2002). Furthermore, the AGM serves as the sole authorised forum for investors to address any concerns, engage in direct communication with the senior management, and articulate their discontent. This demonstrates that the AGM serves as a platform for the corporation to exchange ideas and address whatever questions and ambiguities directly with shareholders.

According to Olibe (2002), the information disclosed during the AGM is pertinent, and the stock market will react by generating higher stock returns and experiencing unusual amounts of share trading for the firm filing the report. According to Gillan and Starks (2000), there is a stock market response when shareholders' proposals are mailed, particularly when the proposal pertains to a significant matter that would impact the shareholders. Furthermore, upon the public announcement of information at the AGM, investors will reassess their preconceived notions and harmonise this information with previous confidential information, so implementing their reaction, so influencing the stock price and trading volume (Kim & Verrecchia, 1991). The prevailing consensus is that the implementation of general meetings will enforce effective governance of the organisation, thereby positively influencing performance (Klapper & Love, 2004). To encourage shareholder engagement in general meetings, the MCCG 2012 mandates that companies provide advance notice of meetings, implement electronic voting, notify shareholders about their entitlement to pool voting, use pool voting for substantive resolutions, and announce the votes cast for support and opposition for each resolution. The present study posits the subsequent hypothesis:

H1: There is a positive relationship between the effort to increase the participation of shareholders at general meetings and corporate performance.

2.2. Proactive shareholders' engagement

According to Post et al. (2002), establishing a strong working relationship with stakeholders is essential for a company to create enduring and sustainable value. The successful performance of a firm relies on meeting the expectations of its stakeholders (Buchholz & Rosenthal, 2005), while the consent of stakeholders in management decisions is essential for the company's survival (Campbell et al., 2003). Research conducted by La Porta et al. (1998) demonstrates a favourable association between corporate value and the safeguarding of minority shareholders' rights. Meanwhile, research conducted by Hartford et al. (2008) revealed that firms characterised by inadequate corporate governance and limited shareholders' rights experience reduced profitability and valuations. Conversely, Haque et al. (2016) discovered that a lack of proactive involvement of stakeholders is related to inferior levels of information provided by the business.

Numerous studies highlight that increased involvement of shareholders can effectively reduce the occurrence of fraud by enhancing the quality of governance administration (Beasley, 1996; Dechow et al., 1996; Agrawal & Chadha, 2005). Stockholders, particularly institutional shareholders, possess the capacity to exert influence on the governance of a company (Al-Najjar, 2010) and are motivated to actively oversee the company (Daily et al., 2003) to safeguard their investment and achieve greater returns through effective management and operation. Employing an exit strategy, whereby investors sell their stake in a company with inadequate governance, is a more effective approach compared to the costly and time-consuming process of divesting. Moreover, recently conducted empirical studies indicate that institutional shareholders have extended their involvement in the investee's company from mere observation to active participation in significant corporate choices, including chief executive officer (CEO) appointment, executive compensation, and board composition (Lee & Chung, 2015).

According to Eccles and Serafeim (2015), shareholders have the ability to take action, such as proxy voting, to replace board members or separate the positions of chairman and CEO in order to enhance the financial performance of a company, in the event that they are dissatisfied with the firm's financial results. Other scholar, such as Ni (2025), finds that shareholder engagement by environmental, social, and governance (ESG) focused mutual funds markedly enhances green investment, while Yamahaki and Marchewitz (2025) and Saragih et al. (2025) find that shareholder engagement effectively improves investment risk management and influences sustainable strategy.

Furthermore, empirical evidence indicates that institutional shareholders can increase the amount of business information provided (Baek et al., 2009), online financial information transparency (Andrikopolous et al., 2013), and intellectual capital transparency (Gan et al., 2013). Accordingly, this will have a beneficial outcome on the key performance indicators of the company (Smith, 1996; Eldomiaty & Choi, 2006). This study investigates the proactive involvement of shareholders through constructive engagement with the company on matters including firm performance, corporate governance, and other stakeholders' interests.

H2: There is a positive relationship between proactive shareholders' engagement and corporate performance.

2.3. Theoretical framework: Agency theory

The idea of agency theory, proposed by Jensen and Meckling (1976), is extensively employed to explain firm governance and the business dynamic environment. Numerous scholars have employed this theory to examine the principal-agent relationship (Bendickson et al., 2016). It proposes a systematic method to address an issue in the business transactions that pertains to the asymmetry of information between the owners (shareholders) and the management of a company (Gedajlovic et al., 2005). Shareholders are better motivated to seek longer-period maximisation of business value through consistent development and smooth profitability. Conversely, managers may prioritise obtaining larger incentives and so are more inclined towards the pursuit of shorter period profit maximisation, which carries greater risk and hence has a greater likelihood of incurring prolonged profit decline.

Due to this issue, the principal must implement a control system, referred to as agency expenses, to oversee the agent's performance. In the setting of this research, shareholders must allocate certain resources, including financial capital, time, and effort, to mitigate the issues associated with knowledge disparity. One of the ways of doing this is by holding regular contact and meetings with the board and management of the company, in addition to annual active participation in general meetings. This is to ensure the shareholders are able to keep track of the direction of the company and align their objectives with the needs of the capital providers.

3. RESEARCH METHODOLOGY

3.1. Sample and period of study

The initial sample of this research comprises the 500 largest firms based on market capitalisation that are traded on the Malaysian Stock Exchange (Bursa Malaysia). The selection of this group of companies was according to their significant value by investors and their larger base and quantity of shareholders in comparison to the lower market value of companies. The provided samples constitute around 65% of the entire population.

Nevertheless, specific categories of firms were excluded. Initially, 33 companies operating in the financial industry were eliminated. The reason for this is that these organisations need to follow different rules and regulations, resulting in varying accounting, recording, and business transactions. Secondly, the exclusion of newly listed firms is based on the unavailability of their financial statements for data collection. Moreover, companies that were eliminated from the stock exchange were not included. Upon becoming private firms, this particular type of company was granted an exemption from the requirement of writing and disclosing its annual statements. Thirdly, enterprises undergoing a reshuffle where their end-of-accounting-year did not meet the criteria of 12 months (either exceeding or falling short) are not included. These companies are excluded due to their financial results lacking comparability with other corporations that operate on a 12-month financial cycle. Finally, companies categorised as PN17 (stands for Practice Note 17/2005 and is issued by Bursa Malaysia, relating to companies that are in financial distress). These are problematic entities that are closely monitored and undergoing business improvement, as mandated by Bursa Malaysia, to avoid liquidation. The present study gathered data for the years 2013 and 2014.

3.2. Variables

The variable of interest in this study is the performance of the company, represented by seven metrics. Table 1 presents descriptions of measurements supported by empirical research employing analogous metrics.

Table 1. Measurements of the dependent variable

Measurement	***Abbreviation***	***Equation***	***Source***
Return on equity	*ROE*	Income before extraordinary items available for common equity / Average total common equity (the average for the current and the previous fiscal year)	Gompers et al. (2003)
Return on assets	*ROA*	Income before extraordinary items is available for common equity / Average total assets	Bhagat and Bolton (2008), Mitton (2004), Barber and Lyon (1996)
Net profit margin	*NPM*	Income before extraordinary items available for common equity / Net sales	Gompers et al. (2003)
Tobin's Q	*TobinQ*	Market value of assets* / Book value of assets	Kaplan and Zingales (1997), Gompers et al. (2003), Bhagat and Bolton (2008)
Market-to-book ratio	*MTB*	Market capitalisation / Book value of firm assets	Gompers et al. (2003), Donker et al. (2008)
Dividend payout ratio	*DPR*	Total dividend / Total assets	Jagannathan et al. (2000)
		Total dividend / Net income	Farinha (2003)

*Note: * Book value assets + Market value of the common stock – Book value of the common stock.*

The independent variables of this study include shareholder involvement at general meetings and active participation with shareholders, measured according to the criteria set by MCCG. For participation in general meetings, MCCG requires the company to issue notifications for meetings prior to the minimum notice period, the board directs the company to disclose all relevant information to shareholders, consider adopting electronic voting, the company publicised measures such as notices on its website, puts substantive resolutions to vote by poll, announces results or votes cast for each resolution, announces results or votes cast against each resolution, and the chairman notifies shareholders of their entitlement to request a poll vote at general meetings. For proactive engagements with shareholders, MCCG requires businesses to constructively engage with shareholders on issues related to firm performance, corporate governance, and any other matters that may be of interest to them.

An evaluation instrument was developed to assess the independent variables using a three-point Likert scale: "2" indicates a higher disclosure beyond the required amount, "1" indicates minimal information as mandated by the MCCG code, and "0" indicates no information provided. This research instrument consists of many components, and the combined score for all items is used to assess shareholders' participation as described in the previous paragraph. To avoid bias, all items will be seen as having similar weightage (Barros et al., 2013). The original assessment underwent validation and evaluation by a panel of specialists consisting of academics with diverse industry backgrounds in business and governance. This process aimed to improve the construct validity of the instrument. Upon receiving the feedback and input, the instrument's final assessment was utilised for the duration of this investigation. A preliminary study was subsequently undertaken to evaluate the feasibility of the assessment.

Further factors that could potentially impact the outcomes were identified as control variables, namely company size (*Size*), leverage (*Lev*), and *Age*. Previous literature and empirical studies have widely used these factors as control variables, such as Bebchuk et al. (2009), Mitton (2004), Bhagat and Bolton (2008), Graham et al. (2004), Khanna and Tice (2005), Camfferman and Cooke (2002), Alsaeed (2006), and Owusu-Ansah (1998). Descriptions of these metrics can be found in Table 2.

Table 2. Description of control variables

Measurement	*Equation*	*Source*
Company size	Log of total assets	Bebchuk et al. (2009), Mitton (2004)
Company leverage	Total liabilities* / Total assets	Bhagat and Bolton (2008), Bebchuk et al. (2009), Graham et al. (2004), Khanna and Tice (2005)
Company age	Years since incorporation	Bebchuk et al. (2009), Camfferman and Coke (2002), Alsaed (2006), Owusu-Ansah (1998)

*Note: * Long-term debt + Current portion of long-term debt.*

3.3. Model specification

The regression model for evaluating the hypotheses is as follows:

$$PERF = GM + Shld + Size + Lev + Age + \varepsilon \quad (1)$$

where,

- *PERF* = performance;
- *GM* = shareholder participation in general meetings;
- *Shld* = proactive engagements with shareholders;
- *Size* = size of the company;
- *Lev* = leverage;
- *Age* = years since incorporation;
- ε = error term.

3.4. Multicollinearity issues

This study examined multicollinearity through the analysis of correlation matrices, variance inflation factors (VIF), and tolerance levels of collinearity statistics. An investigation of Pearson correlation indicated that none of the independent variables across all models demonstrated a correlation coefficient of 0.9 or above, hence suggesting there was no evidence of multicollinearity in this study. Following Pallant's (2010) proposal, the VIF and tolerance values of collinearity statistics were evaluated throughout the application of the multiple regression method. The examination of the VIF and tolerance value for all independent variables in this study indicated that the tolerance value exceeded 0.1, while the VIF value remained below 10. As a result, multicollinearity was absent.

3.5. Alternative methods

An often-favoured alternate approach for doing this type of study is to administer a survey among the company's shareholders. A comprehensive survey assessment can be designed and consist of a multitude of questions that assess all the relevant variables. Every appropriate statistical methodology, such as structural equation modelling, can be used to examine the correlation between independent and dependent variables. Comparative analysis can also be conducted to assess the divergent interests of majority and minority shareholders, as well as institutional and retail shareholders. Nevertheless, the primary drawback of this approach is the hesitancy of the participants (shareholders) to answer the survey questions due to several factors, including the need for privacy of information, their busy schedules, and their lack of enthusiasm for engaging in academic research.

4. RESEARCH RESULTS

4.1. Descriptive findings

Table 3 presents the descriptive statistics for all variables. This table indicates that the standard of corporate governance practices among Malaysian publicly listed businesses is inadequate and unacceptable. Some companies have not adhered to the MCCG requirements by failing to disclose or implement the corporate governance standards. Both practices, namely shareholders' participation in general meetings and shareholders' engagements, were poorly practised by the majority of the companies.

Table 3. Descriptive statistics for 2013 and 2014

Variable	*N*	*2013*					*2014*				
		Minimum	*Maximum*	*Mean*	*Median*	*Std. dev.*	*Minimum*	*Maximum*	*Mean*	*Median*	*Std. dev.*
GM	437	0	9	1.92	2.00	1.553	0	7	1.81	2.00	1.466
Shld	437	0	6	0.77	0.00	1.055	0	4	0.79	0.00	1.153
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
NPM	437	-3.4030	7.9480	0.1501	0.0900	0.6362	-1.8200	90.303	0.3294	0.0850	4.3450
TobinQ	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

The median score for these practices is below two in both 2013 and 2014. The majority of the practices recorded an average score of below 50% of the highest attainable scores that the organisation can earn. For example, shareholders' participation in the general meeting recorded an average score of 1.92 and 1.81 in both years. These were only two, approximately 12% of the total possible scores of 16, which indicate a very poor effort to meet the governance practices demonstrated by the companies. The maximum score is 9 and 7 in 2013 and 2014, respectively, while the minimum score is zero in both years. The same poor results were demonstrated by shareholders' engagement. The average score is 0.77 and 0.79 in 2013 and 2014, respectively, from the maximum possible score of 6.

This study utilises five dependent variables: *ROE, ROA, NPM, MTB*, and *TobinQ*. *ROE, ROA*, and *NPM* were utilised to assess the company's performance in relation to its financial profit, whilst *MTB* and *TobinQ* are predicated on the company's market valuation. The mean *ROE* rose marginally from 10.56% in 2013 to 13.93% in 2014. The maximum value declined from 165.8% in 2013 to 128.33% in 2014, but the smallest value fell from -69.5% in 2013 to -129.3% in 2014. The average *ROA* rose from 6.1% in 2013 to 7.0% in 2014. The maximum value rose from 59.1% in 2013 to 63.38% in 2014. The minimum value rose from -38.9% in 2013 to -32.6% in 2014. The final metric in the financial profit category, *NPM*, likewise rose. The average value of 15.01% in 2013 increased to 32.94% in 2014, effectively doubling it. The maximum value significantly rose from 794.8% in 2013 to 9,030.3% in 2014, while the minimum value improved from -340.3% in 2013 to -182.0% in 2014.

For the *MTB* and *TobinQ*, most companies had values approaching 1 for *MTB* and beyond 1 for *TobinQ*, signifying that their market value and share price were equivalent to or surpassed their replacement cost or book value of assets. In 2013, the Tobin's Q ratio was 1.6949. Despite declining to 1.0491 in 2014, the ratio remained over 1. The peak values were 14.354 and 11.1836 in 2013 and 2014, respectively, and the lowest values were -0.44 in 2013 and -12.5035 in 2014. For *MTB*, the maximum values were 13.459 in 2013 and 14.772 in 2014, while the smallest values were 0.026 in 2013 and 0.019 in 2014.

4.2. Regression and hypotheses analysis

Table A.1 (see Appendix) shows the multiple regression results between the independent variables and dependent variables. It was anticipated that the active involvement of shareholders in the general meeting would affect the outcome of the company, as general meetings can serve as a monitoring platform for shareholders to gather information from directors, question unprofitable decisions, and remove underperforming directors. Nevertheless, based on Table 4, the result showed that this variable had no relationship with corporate performance:

- *ROE*: for 2013 $\beta = -0.007$, $p > 0.1$; for 2014 $\beta = 0.062$, $p > 0.1$;
- *ROA*: for 2013 $\beta = -0.036$, $p > 0.1$; for 2014 $\beta = 0.065$, $p > 0.1$;
- *TobinQ*: for 2013 $\beta = -0.012$, $p > 0.1$; for 2014 $\beta = -0.047$, $p > 0.1$;
- *MTB*: for 2013 $\beta = -0.023$, $p > 0.1$; for 2014 $\beta = 0.016$, $p > 0.1$.

However, for the other independent variables, this research found that there was a positive relationship between the proactive shareholders' engagement and corporate performance for all the performance indicators for *ROE, ROA*, and *TobinQ* in 2013 and *MTB* in both 2013 and 2014:

- *ROE*: for 2013 $\beta = 0.157$, $p < 0.001$;
- *ROA*: for 2013 $\beta = 0.163$, $p < 0.001$;
- *TobinQ*: for 2013 $\beta = 0.198$, $p < 0.001$;
- *MTB*: for 2013 $\beta = 0.217$, $p < 0.001$; for 2014 $\beta = 0.180$, $p < 0.001$.

This shows that a systematic approach to engage with diverse types of shareholders demonstrated a positive impact on the company's long-term sustainability and creates value as it fosters mutually beneficial relationships and aligns the interests of shareholders and the company.

5. DISCUSSION OF THE RESULTS

5.1. Relationship between the participation of shareholders in the general meeting and corporate performance

The insignificant result between the relationship between commitment of shareholders in general meetings and corporate performance is inconsistent with prior studies and arguments forwarded by previous scholars such as Škare and Hasić (2016), Iliev et al. (2015), Kim and Verrecchia (1991), and Klapper and Love (2004). Lu et al. (2023), for example, demonstrate that the voting shares of non-controlling shareholders correlate with a reduction in corporate wrongdoing, with a more significant effect observed in firms exhibiting inferior internal control or audit quality, as well as diminished analyst or media scrutiny. Their research indicated that the participation of minority shareholders in general meetings diminishes unethical practices by curtailing tunnelling by controlling owners and improving the firms' informational activities. Active governance contribution in mitigating corporate wrongdoing enhances firm value by diminishing the danger of future stock price crashes.

This study, which yields contradictory results, may be ascribed to the administrative regulations enforced by MCCG on the corporation to promote more shareholder engagement at the general meeting. These procedures included notifying shareholders in advance, adopting electronic voting, and disclosing the results of the general meeting. The previously stated practices did not intentionally involve shareholders. Consequently, the shareholders provided no substantial contribution except for casting votes on the resolutions, which, in certain instances, may be significantly constrained by the predominant voting power of majority shareholders who would vote to advance their own interests. Furthermore, many organizations were inadequately prepared to effect a substantial shift towards establishing effective protocols for the AGMs. The company encountered considerable difficulties in providing notice of general meetings within 14 days for regular resolutions and 21 days for exceptional resolutions, mostly due to logistical constraints.

The adoption of electronic voting was considered impractical due to insufficient internet connectivity and little information technology proficiency among middle-aged and older Malaysians, who remain behind the younger generation. Moreover, numerous firms have yet to exhibit full transparency in revealing comprehensive information regarding the outcomes of each resolution, including the tally of votes cast in favor of and against each resolution. This may stem from apprehensions regarding the potential ramifications of counting inaccuracies, such as the likelihood of shareholders requesting a re-vote on the resolution if the discrepancies between the votes in favor and against are minimal and negligible.

5.2. Relationship between proactive shareholder engagement and corporate performance

Adopting an open-door policy for constructive shareholder engagement can generate sustainable long-term value, as it enables shareholders to evaluate the firm's successful management and governance by responsible leadership. Thus, the manager may proficiently oversee the company, confident that the shareholders constantly support their actions.

The findings of this research are supported by prior research inquiries. Agrawal and Chadha (2005) found that heightened shareholder engagement can significantly diminish the prevalence of fraud. Shareholders, especially institutional shareholders, have the capability to influence the standard of corporate governance (Al-Najjar, 2010) and can directly monitor the company's operations (Daily et al., 2003). A study by Barko et al. (2022) indicates that activism related to corporate social responsibility typically enhances ESG practices and business sales. This is supported by Hoepner et al. (2024), who agreed that participation in ESG matters can advantage shareholders by mitigating enterprises' negative risks. Chapman et al. (2022) also assert that continuous and direct engagement in investor relations is crucial for promoting reciprocal cooperation and trust between the company and its shareholders, therefore discouraging activist investors and mitigating the costly escalation of begun campaigns.

6. CONCLUSION

The objective of this research is to examine the relationship between shareholders' engagement with corporate performance. MCCG requires companies to further increase their good practices in handling both the AGM and EGM and create a proactive environment to engage with the shareholders. Only the second hypothesis on the proactive engagement with shareholders (*H2*) had a significant positive relationship with the corporate performance, while the first hypothesis on general meetings (*H1*) showed no relationship.

There are a few limitations of the study that represent an opportunity and suggestion for future study. This research only selected the top 500 firms by market capitalization as a sample. Future studies can expand the sample size of companies to yield more precise results in quantitative analysis. This research may exhibit bias towards larger corporations, as smaller firms often operate under distinct governance policies, remaining largely unnoticed by regulatory authorities, financial analysts, and the public.

Besides, owing to time limitations, this research gathered data over a span of two years. In the future, the research duration may be extended beyond two years to provide a more comprehensive and rigorous investigation, yielding more credible results. Furthermore, other research analyses, such as panel data, may be performed if the study duration is long and comprehensive.

This research also exclusively focuses on the governance of the firm and shareholder engagement information given in the company's financial statement. In the future, alternative data gathering methods, like as surveys, may be utilized to get information directly from the company and its shareholders.

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APPENDIX

Table A.1. Multiple regression results

Variable	ROE						ROA						TobinQ						MTB					
	2013			2014			2013			2014			2013			2014			2013			2014		
	$R = 0.245$ $R^2 = 0.060$ Adjusted $R^2 = 0.049$ F-value = 5.528 Sig. F: 0.000			$R = 0.143$ $R^2 = 0.020$ Adjusted $R^2 = 0.009$ F-value = 1.802 Sig. F: 0.111			$R = 0.326$ $R^2 = 0.106$ Adjusted $R^2 = 0.096$ F-value = 10.217 Sig. F: 0.000			$R = 0.205$ $R^2 = 0.042$ Adjusted $R^2 = 0.031$ F-value = 3.784 Sig. F: 0.002			$R = 0.336$ $R^2 = 0.113$ Adjusted $R^2 = 0.103$ F-value = 10.971 Sig. F: 0.000			$R = 0.208$ $R^2 = 0.043$ Adjusted $R^2 = 0.032$ F-value = 3.890 Sig. F: 0.002			$R = 0.368$ $R^2 = 0.136$ Adjusted $R^2 = 0.126$ F-value = 13.537 Sig. F: 0.000			$R = 0.385$ $R^2 = 0.148$ Adjusted $R^2 = 0.138$ F-value = 15.017 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)	0.178	0.096		-0.467	0.321		0.122	0.043		-0.237	0.347		0.135	0.114		-1.613	1.103		1.600	0.236		0.481	0.201	
GM	0.009	0.005	0.081*	0.035	0.018	0.092*	0.003	0.002	0.055	0.037	0.020	0.089*	0.011	0.006	0.085*	0.022	0.063	0.017	0.023	0.013	0.082*	0.022	0.011	0.087*
Shld	0.032	0.009	0.199***	0.038	0.026	0.080	0.015	0.004	0.195***	0.043	0.028	0.083	0.050	0.010	0.252***	0.168	0.089	0.101*	0.119	0.022	0.286***	0.086	0.016	0.269***
Size	-0.013	0.018	-0.044	-0.113	0.058	-0.119*	-0.007	0.008	-0.055	-0.181	0.063	-0.174**	0.009	0.021	0.026	0.490	0.199	0.148**	-0.118	0.043	-0.157**	-0.120	0.036	-0.189**
Lev	-0.138	0.066	-0.110**	0.280	0.216	0.071	-0.141	0.030	-0.243***	-0.291	0.234	-0.067	-0.263	0.078	-0.171**	-0.807	0.743	-0.058	-0.643	0.161	-0.200***	-0.640	0.135	-0.240***
Age	-0.001	0.001	-0.061	0.003	0.003	0.041	-0.001	0.000	-0.095**	0.004	0.003	0.057	-0.003	0.001	-0.116**	-.0018	0.011	-0.081*	-0.004	0.002	-0.070	-0.001	0.002	-0.016

*Note: Statistically significant at: * 0.10, ** 0.05, and *** 0.01. VIF is less than 10, and tolerance for collinearity is more than 0.1 for all variables.*