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Pacific Accounting Review

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Board diversity and total directors' remuneration: evidence from an emerging market

1   Introduction

An increasing interest in studies of board diversity has come with a shift from traditional views of the contribution or role of boards of directors to more complex perceptions of their impact on the organisational performance of their firms.[1] Studies examining the relationship between board diversity (mainly gender) and firm performance include Adams and Ferreira (2009), Campbell and Minguez-Vera (2008), Carter et al. (2003), Chapple and Humphrey (2014), Francoer et al. (2008), Nekhili and Gatfouni (2013) and Wellalage and Locke (2013). Boulouta (2013) extends this line by examining firm performance from the perspective of board gender diversity and corporate social performance; in general, findings concerning board diversity and firm performance are rather mixed. Low et al. (2015) examine the board gender diversity and firm performance in four Asian countries; Hong Kong, South Korea, Malaysia and Singapore in which they find an increasing number of female directors have a positive effect on firm performance. Studies such as those of Labelle

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[1] Board diversity is defined as variety in the composition of the board of directors and can be categorised by directly observable factors such as nationality, age, gender and ethnic background, or by less visible features such as educational, functional and occupational background (Kang et al., 2007).

et al. (2010) and Srinidhi et al. (2011) investigate the relationship between board diversity and financial reporting quality. Labelle et al. (2010) examine the role of diversity management and the magnitude of earnings management. Based on United States data, Srinidhi et al. (2011) examine whether gender-diverse boards exhibit higher earnings. The work of Adams and Ferreira (2009) provides a thorough examination of the impact of women in the boardroom on governance and performance.

In addition, a line of research has focused on the gender gap in directors' remuneration. Studies have largely focused on data from the United States (e.g. Adams and Ferreira, 2009; Conyon, 2014; Graham et al., 2012; Hill et al., 2014; Shin, 2012) and United Kingdom (e.g. Kulich et al., 2011), which find a pay gap exists between the genders. All these studies find a negative relationship between women's participation on boards and remuneration, with the exceptions of Adams and Ferreira (2009) and Hill et al. (2014). Our choice of examining the impact of board diversity on compensation is based on several reasons. First, there seems to be paucity of research examining this relationship as suggested by Hill et al. (2014). Second, examining the impact of board diversity on compensation reflects the overall valuable contribution by either gender or ethnic diverse boards, or both (Anderson et al., 2011; Hill et al., 2014) on an entity. The premise behind advocating a diverse board lies in the idea of resource dependence theory. One would expect that a diverse board would provide a better resource-seeking mechanism for the organisation; whether it would affect directors' remuneration remains an empirical question. Another relevant theory would be agency theory that suggests monitoring could increase in ethnically diverse boards as these boards are expected to be more critical since the board consist of directors of not the same background (Carter et al., 2003).

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There has been significant interest in the role of women in boardrooms in Malaysia. On 27 June 2011, Prime Minister of Malaysia Dato' Seri Najib Tun Razak announced that the Malaysian cabinet had approved legislation whereby corporate companies must achieve at least 30 per cent of female representation on all boards of directors. A subsequent announcement by the then Deputy Prime Minister Tan Sri Muhyidin Yassin on 15 September 2013 indicated that the government was considering how to further boost women's participation in the corporate sector. This study is therefore timely with respect to both the extant literature and to ongoing policy in Malaysia.

Nevertheless, previous researches indicate that women's participation in Malaysia is still low. Ahmad-Zaluki (2012) indicates that female representation on board of directors in 228 Malaysian companies prior to the IPO is only about 8 percent and in 2011, the percentage of female directors increases only 2.5 percent from the pre-IPO year. The increment is not statistically significant. She finds greater percentage of female representation leads to lower long run underperformance. In contrast, Marimuthu (2008) and Shukeri et al. (2012) find that there is no significant relationship between gender diversity on firm performance in the year 2011.

Men are earning on average of RM2,260 a month, compared with RM2,071 for women or a difference of 8.4%, according to the National Statistics Department's

Salaries and Wages Survey Report 2013. While in 2012, men earned an average of RM2,083 a month, against RM1,912 for women, a variance of 8.2% (Lee, 2015). The results may suggest that something need to be done to increase women representation as required by the government policy.[2]

Therefore, the study first objective is to investigate the relationship between gender-diverse boards and total directors' remuneration in Malaysia. Based on 1094 firm-year observations during 2007-2009, we find women directors affect positively and significantly the level of directors' remuneration, signalling that they are being valued for their expertise. The period of 2007-2009 was chosen as our sample to reflect the impact of global financial crisis on directors' remuneration. Turner (2009) argues that the inappropriate incentive structures might have contributed to the crisis. It indicates that directors' remuneration could contribute to the financial crisis in 2007-2009. Therefore, investigating the effect of board diversity towards directors' remuneration during this period could highlight the importance of having diversity in the board of listed firms.

Malaysia provides a useful avenue for research as it is an emerging market, and its capital market exists within a diverse ethnic background. Malaysia is categorised as an emerging market as it has rather complex pyramidal shareholdings structure that might not be present in developed market (Fan and Wang, 2002). In addition, emerging market economies are well known for relationship-based economy that

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[2] This survey is referring to all men and women in Malaysia.

requires political connections for the market to sustain in the future (Bliss and Gul, 2012a, 2012b). [3]

A review on directors' compensation studies in Asia Pacific region by Sun et al. (2010) suggests there is a gap in studies on compensation in Malaysia. Malaysia's institutional setting is different from those of other studies that have focused on ethnic minorities, in that one ethnic group, Bumiputras, have a unique position and this affects their participation in the capital market. Bumiputras, whose name was coined by the British to distinguish the indigenous Malays from the non-indigenous people of then Malaya, form the largest population group in this racially diverse country but have a low level of participation in the corporate sector. This study is therefore timely in determining the role of an ethnic group that is a majority in terms of population but a minority in terms of the corporate sector or capital market, and in providing an overview of the effect of ethnic participation on boards in an emerging market. The choice of Malaysia fills the gap raised by Sun et al. (2010) on social implication as determinants on remuneration in Asia. Sun et al. (2010) highlight the importance of understanding the institutional settings and cultural factors that might explain the variance in directors' compensation.

Thus, the second research objective is to investigate the relationship between ethnically diverse board and total directors' remuneration in Malaysia. We find that

[3]The stock exchange of Malaysia has operated since 1964 and listed firms. The securities exchange unit lists more than 1,000 companies on its main bourse, the second board for mid-capitals and the technology focused Mesdaq market.

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the proportion of Bumiputras directors is negatively and significantly in relation to directors' remuneration.

Malaysia's dedication to increasing the proportion of women in boardrooms and the corporate sector offers an excellent opportunity to re-examine the connections between gender-diverse boards and directors' remuneration; and the presence of a particular ethnic group that is given special opportunities in corporations allows a similar examination of ethnically diverse boards and directors' remuneration.

It also makes possible a study of the interaction of these two types of board diversity against directors' remuneration. Therefore, our third research objective is to investigate the interaction between the gender-diverse and ethnic-diverse boards and their impact to directors' remuneration. Our study of board diversity suggests that the negative impact of Bumiputras directors is lessened by the presence of women directors.

To provide a more holistic view of the Malaysian institutional background, several other institutional variables that are proven in the Malaysian capital market are included in the analysis, such as family firms, politically connected firms and institutional ownership. As boards of directors are an integral part of governance mechanisms as well, several corporate governance variables are included in the framework.

We extend our analyses by examining the concept of tokenism to critical mass for both gender-diverse and ethnic-diverse boards. The premise of this test is to investigate whether the number of both women and Bumiputras directors achieved critical mass, and thus has a positive relationship on total directors' remuneration. We find that both, women and Bumiputras directors achieved critical mass at three directors or more.

Our findings add to the work of Carter et al. (2003, 2010) and Hill et al. (2014) in that we examine two specific forms of diversity simultaneously, adding to the extant literature by examining the effect of both gender and ethnicity on boards. We also complement the work of Adams and Ferreira (2009), Hill et al. (2014) and Lucas-Perez et al. (2015) in investigating the effect of board diversity on directors' remuneration. The choice of Malaysian firms is particularly useful and interesting because of the legislated role of ethnic groups, as compared to other countries' approaches to board composition such as that of the United States (e.g. Carter et al., 2003, 2010). The review on executive compensation studies by Sun et al. (2010) suggest limited studies based on the Malaysian capital market. Therefore, our study reduces the 'gap' on compensation studies in the Asian region. Our results are robust after controlling for variables such as corporate governance, institutional, and various firm characteristics.

Further, our study extends the recent literature on the role of both women (Abdullah et al., 2016) and ethnicity (Haniffa and Cooke, 2002; Gul et al., 2016) on firm performance in Malaysia.

2 Institutional Background

2.1 *Women on boards in Malaysia*

Malaysia, a key emerging country in South East Asia, has taken an initiative in line with several developed countries to boost women's presence in the workforce. On 27 June 2011, Prime Minister Datuk Seri Najib Tun Razak announced that the Malaysian cabinet had approved a policy whereby corporate companies in the private sector must achieve at least 30 per cent representation of women in decision-making positions. The policy is seen as significant, as female representation on boards is only six per cent (Deloitte, 2013). The percentage increased to ten after more than a year.

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A recent study by Low et al. (2015) on board gender diversity and firm performance in four Asian countries find the percentage of female directors on Malaysian board is 11.06 percent as at 2013.[4] In addition, Low highlighted that Malaysia has the highest mean percentage of female directors on board, as relative to the other three countries in their sample.

The Gender Diversity Benchmark for Asia 2014 ranked Malaysia second for having the highest percentage of companies attaining gender parity, which is set at 35.3 per cent.[5] This gender policy surpasses that of developed countries like Australia, New Zealand, the United States and the United Kingdom, which currently have no quotas for women on boards or in senior management positions (Deloitte, 2013).

Malaysian regulators such as the Securities Commission and Bursa Malaysia have taken an initiative to promote diversity and inclusiveness. For example, Guidance 5.2 of the *Malaysian Code for Institutional Investors 2014* states that these investors should assess the quality of disclosure made by investee companies on various diversity targets and policies including gender, age and ethnicity (Ramli, 2014). Companies that promote diversity in the workplace are given recognition, to encourage further participation in diversity and inclusiveness. The ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2014, for example, provides awards for 'Sustainability in the Workplace' under the theme 'Sustainability and Inclusiveness'.

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[4] The four countries are HongKong, South Korea, Malaysia and Singapore.
[5] Gender parity is a numerical concept related to gender equality. In the context of gender equality, gender parity refers to the equal contribution of women and men to every dimension of life, whether private or public.

2.2   Malaysia's socio-political economy

Malaysian corporate ownership is divided into groups of ethnicity: Malays, Chinese, Indian and other small minority groups. These ethnic lines can be clearly observed in the listed firm whose share ownership and board membership are dominated by two main ethnic groups which are Bumiputras Malays and Chinese (Yatim et al., 2006). Each ethnic grouping has different beliefs and ideologies, which influence their way of thinking, of making decisions and directing an organisation.

Historical factors and cultural characteristics have had a significant impact on the development of the capital market. For instance, the low presence of Bumiputras in the economy is in sharp contrast with the strong Chinese presence. Mansor and Kennedy (2000) note that indigenous Malay cultural values reflect their history of communal living and cooperation, which tend to place a high value on collectivism. It is possible that this historical background has led them to place a low value on the entrepreneurial skills that other ethnic groups in Malaysia display. Government policies have been put in place to help redress the economic imbalance that has resulted from this attitude; and to assist Bumiputras to gain a share of the economy that reflects their proportion in the population. It is also thought that more equitable participation by Bumiputras may help to promote political stability in a nation where ethnic tensions sometimes lead to violence (Mohammad Yusuf, 2012). In contrast, Chinese leaders show remarkable leadership skill and have successfully developed their businesses as professionally managed organisations. The Chinese protected their business by developing connections with Malays prior to the introduction of the New Economic Policy (NEP) in 1970 (White, 2004); and Ball et al. (2003) note that at the time they wrote Chinese Malaysians controlled nearly 69 per cent of market capitalisation, although their population stood at only 29 per cent. However, Bumiputras' shareholdings in the capital market have increased steadily over the

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years, especially since the implementation of NEP: by 2008 their shareholdings stood at 21.9 per cent, short of the 30 per cent targeted earlier by the government but better than before the NEP.

3 Empirical Predictions

3.1 Gender-diverse boards and directors' remuneration

We draw on resource dependency theory as it emphasizes the role of board in securing resources for the firm to grow and develop (Hillman and Dalziel, 2003). Firms with board diversity are likely to offer extensive networks and facilitate opportunities to obtain more resources that can help the firm to achieve strategic objectives (William and O'Reilly III, 1998).

There are competing views on the relationship between women directors and remuneration, based on the contribution to the firm that women are seen to make. Hill et al. (2014) argue that women directors suffer from an invisible barrier that prevents them from attaining top corporate positions; and argue that negative stereotyping of women prevents them from being treated equally. This stereotyping includes the view that women are unable to contribute to the economy once they have a family (Elkinawy and Stater, 2011); and that they are less competent than men are and their job performance is below expectation.

Ferreira (2010) outlines several benefits of a diverse board. A diverse board is able to enhance creativity and provide different perspectives on tasks to hand. It can provide economies of scale, extending access to resources and connections through the various groups of board member.[6] Ferreira (2010) notes that a diverse board is taken by employees as a sign of equality and job assurance for the future, and that firms gain social benefits in promoting women to the board. Women's presence on a board increases accountability and improves communication between the board and stakeholders. In other words, it increases non-financial measures such as customer satisfaction, gender representation and corporate social responsibility (Terjesen et al., 2009).In realizing the positive impact of women, thus there is need to increase its participation. Nevertheless, Broderick (2012) stress that to increase its participation, there is need to address its existing barriers, which include pay inequality.

Terjesen et al. (2009) suggest that women notice different things than a male-only group, which can be carried away with big agendas. Their presence in the boardroom makes male directors change their behaviour: strong language is toned down and the atmosphere becomes more considered. This leads to more effective performance and better governance. The arguments raised by capital market papers (e.g. Elkinawy and Stater, 2011; Gul et al., 2011, 2013; Srinidhi et al., 2011) are rather similar. They suggest that women's participation on corporate boards enhances decision making,

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[6] Economies of scale is defined as extension of production at a reducing cost, and in turns increases profit for the firms.

especially in unstructured and complex situations. Diverse boards are able to understand a diverse market better, so the input provided by a female component is beneficial for decision-making. The premise that there is a relationship between women directors and remuneration resides in their contribution to the firm.

Ferreira (2010) outlines several costs of a diverse board. Conflict, displayed as lack of cooperation between two demographically different groups, reduces group cohesiveness; and directors who pursue their own preferences, choosing board members based on demographic characteristics, might not be best advancing the firm.

The relationship is rather ambiguous: women may either contribute or not contribute to the firm. Therefore, based on the above arguments, we offer the following hypothesis stated in the alternative:

Hypothesis 1: There is an association between gender-diverse boards and the level of directors' remuneration.

3.2 Ethnically diverse boards and directors' remuneration

A director may be appointed on ethnic grounds for several reasons. Resource dependency theory suggests that such appointments are based on the needs of both human and social capital, usually to exploit special skills held only by certain ethnic groups (human capital) or to seek economies of scale via networking (social capital). Although both are applicable to the Malaysian setting, the demands of social capital are more likely. Westphal and Milton (2000) offer a perspective on this relationship. They argue that the influence of minorities on the board of directors is dependent on the influence and characteristics of the majority member on the board of directors. They argue that the network created by majority and minority directors provide a

basis for social cohesion, and thus reducing the likelihood of out-group categorisation. Overall, they argue that stronger connection created by minorities on board, will increase social integration and thus are able to exert more influence on the board (Westphal and Milton, 2000).

In addition, agency theory suggests that ethnically diverse boards are expected to provide better monitoring, and thus reduce agency costs because these boards are likely to be more critical that the board which consist of directors of the same ethnic background (Carter et al., 2003).

White (2004) suggests that the role of Bumiputras directors prior to the introduction of the NEP in 1971 was to provide protection to non-Bumiputras' investments in the capital market, as Bumiputras were closely involved with the government. Recent empirical evidence suggests that this closeness still exists, although the reason for it may have changed. Gomez and Jomo (1999) document the existence of connections between firms and politicians in Malaysia, as well as between firms and the political parties that govern the country.

Based on the argument from social capital, that Bumiputras directors' presence on a board is due to networking and enhances economies of scale, we propose the following hypothesis:

Hypothesis 2: There is an association between ethnically diverse boards and directors' remuneration.

Hill et al. (2014) examine the relationship between ethnically diverse executives and directors' remuneration. Based on 10,060 firm-year observations over ten years beginning in 1996 for US firms, they find a positive and significant relationship

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between ethnic CEOs and CEO compensation. Further, they find a positive and significant relationship between the proportion of ethnic directors and CEO compensation. Their result indicates that CEOs and directors of minority status, whether considered jointly as minorities or individually by ethnic status, are paid more than the CEOs of majority status (i.e., white males). The result suggests that ethnic CEOs and directors benefit from the value, rarity, and inimitability of their minority status such that they receive higher compensation relative to white males.

3.3 Diverse boards and directors' remuneration

Given the opportunity Malaysia presents to measure both gender-diverse and ethnically diverse boards against remuneration, it would be remiss not to examine them simultaneously. We suggested earlier, drawing on resource dependency theory, that women on boards are able to provide extra assistance in terms of decision making although their contribution could be hampered by stereotyping. We also suggested an association between an ethnically diverse board and remuneration, based on the social capital argument that a positive relationship could exist. We now offer our third hypothesis, based on these arguments:

Hypothesis 3: There is an association between diverse boards and directors' remuneration.

4 Data and Research Methods

This study is based on a sample of 1094 observations listed on the Main Bursa Malaysia from 2007 to 2009. Data on institutional ownership and corporate

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governance variables were collected from annual reports available on the Bursa Malaysia website. Financial information was extracted from Compustat Global.

As of 31 December 2009, 844 companies were listed in "Main Markets" on Bursa Malaysia. The sample size for this study is 365 randomly selected non-financial firms for years from 2007 to 2009 and total sample 1,094 observation. In 2004, KLSE was renamed "Bursa Malaysia" which is consists of "Main Market" (Main and Second Board) and "ACE Market" (effecting starting 3 August 2009).

The minimum paid-up capital for ACE companies is RM 2 million for technology and nontechnology companies with maximum of RM 20 million for technology incubator companies which is less than the Main market criteria for paid-up capital which is between RM 40 million and 60 million.[7]

We included only cash-based compensation components for the sample period. Although disclosure of directors' remuneration in Malaysia has significantly improved following the incorporation of Malaysian Code on Corporate Governance, the information is not available in electronic form and must be hand-collected from annual reports. We posit the following regression analysis, with the experimental variables in bold:

$LN\ (DIRREM)_{it} = a_0 + \boldsymbol{a_1 WOMEN_{it}} + \boldsymbol{a_2 BUMI_{it}} + \boldsymbol{a_3 WOMEN\ X\ BUMI_{it}} + a_4 BODIND_{it} + a_5 BODLOCK_{it} + a_6 DUALITY_{it} + a_7 POLCON_{it} + a_8 INSTOWN_{it} +$

[7] (http://www.bursamalaysia.com/website/bm/resources/download/brochure_listing_bursa.pdf)

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$$a_9FAMILY_{it} + a_{10}MKTCAP_{it} + a_{11}DEBT_{it} + a_{12}BIG4_{it} + a_{13}ROA \ (-1) \ _{it} + a_{14}ROR \ (-1)_{it}$$

$$+ a_{15}STDROA_{it} + a_{16}MANOWN_{it} + a_{17-22}INDUSTRIES_{it} + a_{23-25}PERIOD_{it} + e_{it}$$

All the variables will be discussed in the sub-sections below.

Since the data are pooled across firms over time, a panel analysis is used to estimate the relationships. The panel data have N x T observations, where $t = 1$ to 3 of each i = 1,..., N cross-sectional observations in the sample.

4.1   Dependent variable(s)

The main dependent variable for this study is total cash-based director remuneration (DIRREM), which consists of both executive directors' (EXECREM) and non-executive directors' remunerations (NEDREM). Murphy (1999) draws a distinction between cash remuneration, which includes base salary and annual bonus, and total remuneration, which also includes incentive components such as stock options and long-term incentive plans. The salary plus bonus remuneration measure, which is applied in this study, has been widely used in prior research (e.g. Jensen and Murphy, 1990; Ozkan, 2007, Abdul Wahab and Abdul Rahman, 2009). We further sub-categorise the remuneration for each executive and non-executive director into salary, fees, bonuses, and benefits.

4.2   Independent variables

4.2.1   Gender-diverse boards

As do other studies (Gul et al., 2011, 2013; Srinidhi et al., 2011), we operationalised our gender-diverse board as the proportion of women directors on board (WOMEN).

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4.2.2 *Ethnically diverse boards*

Like ethnic diversity studies (e.g. Carter et al., 2003, 2010; Hill et al., 2014) we opted for the proportion of Bumiputras directors (BUMI) on board as our ethnic-diverse variable.

4.3 *Corporate governance variables*[8,9]

4.3.1 *Board independence*

We included a corporate governance variable, which is the board of directors' level of independence (BOARDIND), widely believed to play an important role in monitoring management. Non-executive directors who are not full employees of the firm are believed to play a larger role in monitoring managers than executive directors (Ozkan, 2007). We posit a negative relationship between BOARDIND and DIRREM.

Previous research has produced mixed results on the relation between board independence and directors' remuneration. Ryan and Wiggins (2004) find that firms with more outsiders on their boards award directors more equity-based compensation.

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[8]When studying the association between corporate governance and directors' remuneration, we treat governance structures as exogenous. Our approach is the same as that of Core et al. (1999) where they observe that ''Following most prior empirical research in this area, we treat the board and ownership structures as exogenous, when economic theory would argue that these variables are endogenous.'' This well-established approach of treating governance structures as exogenous is reasonable, in the sense that some institutional features of contracting cause governance characteristics to be ''sticky.'' For example, directors serve for fixed terms, so naturally it takes time to change board members to adjust to a changed operating environment. Consistent with many prior studies, we argue that it is difficult for firms to have optimal governance structures at all times (e.g., see Larcker et al., 2007).

[9] Our Hausman-Wu tests for joint endogeneity suggest that at least one of the variables is endogenously determined.

Nevertheless, when the CEO's power over the board increases, compensation provides weaker incentives to monitor. Brick et al. (2006) find that the percentage of inside directors are significantly negatively related to director cash and total compensation. They find that highly paid directors are more likely to be busy and serve on interlocking boards. Thus, they conclude that excess director compensation exist when there is poor governance structures Ozkan (2007) finds a positive relationship between the proportion of non-executive directors and CEO compensation, suggesting that non-executive directors are less efficient in monitoring than executive directors. Gregory-Smith (2012) finds no evidence of a relationship between CEO pay and director independence, and challenges the theory of managerial power.

4.3.2   Board interlock

Multiple directorships increase the level of remuneration (Hallock, 1997; Sapp, 2008) when cronyism exists: that is, when, directors on one board are invited to sit on other boards by members who know them and their quality of work. Core et al.'s (1999) finding that CEO remuneration is higher when the board includes interlocking directorship supports this. Booth and Deli (1996) state that if directors serve on different boards it enhances their reputation and prestige, and leads to higher director remuneration packages. A study by Fich and White (2003) shows remuneration is positively related to the number of mutually interlocking directors on a board. A recent study by Andreas et al. (2012) finds a higher probability of performance-based pay on boards composed of directors who serve on multiple boards simultaneously, reflecting the common concern that having too many other mandates jeopardises the monitoring function of the board, as Fich and Shivdasani (2006) suggest. We posit a positive relationship between interlock *(*BODLOCK*)* and level of remuneration.

4.3.3 Non-Duality

Duality constitutes a concentration of power given to the CEO over the board of directors, reducing the ability of the board to monitor and control management (Harrison et al., 1988; Jensen, 1993; Westphal and Zajac, 1994). From the perspective of agency theory, having one individual in charge of both implementation and control is inconsistent with the concept of checks and balances (Kim & Buchanan, 2008). A CEO who has total control of the decision-making process may use the opportunity to increase his/her remuneration package (Sapp, 2008).

A study by Conyon (1997) which examines top directors' remuneration in a sample of 213 UK companies in 1988 and 1993 shows that separating the role of the CEO and Chairman has no effect on top directors' remuneration: a position consistent with Conyon and Leech (1994), who find that duality did not have an effect on remuneration growth in the mid-1980s. Indeed, a study by Brick et al. (2006) finds that directors receive larger remuneration if a firm has a different CEO and chairperson. This larger compensation may reflect an environment of weak governance (cronyism). We operationalised this variable as one if there is a separation between CEO and Chairperson (NDUALITY).

4.4 Institutional variables

4.4.1 Political connections

Political connections are an important element of Malaysia's capital market. Numerous studies have demonstrated the contribution of such connections to the development of the capital market, from Gomez and Jomo's (1999) which provides anecdotal evidence of connections between firms and political figures to the seminal work of Johnson and Mitton (2003) which examines the impact of capital control on firms that have political connections.

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Chang and Wong (2004) state that political involvement in a firm is established to pursue political interests and social objectives. It also acts to correct market failures, which in this case would be by monitoring directors' remuneration. Abdul Wahab and Abdul Rahman (2009) provide some initial evidence on the relationship between political connections and directors' remuneration and find no evidence to suggest such a relationship exists. Garcia-Meca (2016) suggests that the relationship between political connections and remuneration is ambiguous. She argues that according resource dependency theory; political connections could assist firms in obtaining resources and cope for various external uncertainties. Therefore, this argument suggests a positive relationship between political connections and remuneration.

On the other hand, based on the agency theory, connected CEOs may utilise political resources for themselves, not for the shareholders. The information asymmetry problem caused by political connections may affect key strategic decisions, and hence remuneration policy, a key determinant of corporate governance (Garcia-Meca, 2016).

We operationalized this variable by assigning 1 if the firms are politically connected based on the same premise of Johnson and Mitton (2003), and 0

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otherwise.[10] In addition, we identify government link firms under the Khazanah Berhad as politically connected firms.[11]

4.4.2 *Institutional Ownership*

Our next institutional variable is the percentage of ownership for top five (5) institutional investors. Institutional investors are expected to play a fiduciary role and act in the best interest of their contributors (Hawley and Williams, 1997). In addition, Jennings (2005) argues that the size of the institutional investors could act as an important tool to exert influence over their investments. The expectations of such role for institutional investors in Malaysia are no different. In addition, the establishment of Minority Shareholders Watchdog Group in 2001 in Malaysia acts as a catalyst for institutional investors in Malaysia to play a more active role in corporate governance in Malaysia.

Evidence of the governance role of institutional investors in Malaysia is rather consistent. Abdul Wahab et al. (2007) find a positive relationship between institutional ownership and firm performance. Ammer and Abdul Rahman (2009) find firms targeted by institutional investors experience abnormal returns surrounding the announcement of initiated shareholders' activism. Institutional ownership (INSTOWN) which is the top five (5) institutional investors' shareholdings in a firm.

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[10] Johnson and Mitton (2003) rely on the analysis of Gomez and Jomo (1999) by identifying officers or major shareholders with close relationships with key government officials, primarily Tun Mahathir, Tun Daim and Dato' Seri Anwar Ibrahim.

[11] Founded in 1993, Khazanah Berhad is owned by the Malaysian government to manage selected commercial assets of the government and undertakes strategic investments on behalf of the nation.

Since institutional investors are expected to monitor firms and present themselves as another agency cost-reducing medium, we argue a negative relationship should exist between institutional ownership and directors' remuneration.

4.4.3 Family

Our third institutional variable is the proportion of family members in the board of directors, a proxy of family firms in Malaysia. Due to the uniqueness of power and control dynamics in family owned firms, one disadvantage of family firm according to agency theory is the fact that it leads to increased focus on personal benefit and decreased concern with maximizing profits for minority shareholders (Fan and Wong, 2002; Carney, 2005; Cheung et al., 2006, Hanazaki and Liu, 2007). On the contrary, one fundamental characteristic of family firms that influences type II agency problem is that there is a great sense of family attachment in these firms and family members have control of the firms with majority ownership. Given that, family members have very high level of trust, are supportive, have high sense of belonging, able to manage rivalries, conflicts, and have high level of confidence.

The family ownership brings in power and control to increase personal wealth via excessive remuneration, which is influenced by the uniqueness of family firm. Similarly, the positive relationship between family ownership and director remuneration is in the altruism issue, through which the parents estate and share transfer intention moderate the effect of incentive payments (Schulze et al. 2001). Furthermore, they include emotion in the remuneration which influences the perceptions on executives' competency levels (Moores and Craig 2008). The fact that family members incorporate the firm, where they are also the founder, this prerogative gives them the authorization to utilize the profit's portion for personal interest such as assigning and distributing higher remuneration. If higher remuneration does not affect firm's loss or potentially affect by insignificant margins, the family members may use

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their authority to derive financial benefit (Chourou 2010). Wiwattanakantang (2001) notices that the majority shareholder has ability to pay out the firms' cash flow to themselves via paying higher salaries and dividend and also hold top position in management though they are not capable.

Findings of previous studies show that there is a positive relationship between ownership and remuneration (Basu et al. 2007; Cheung et al. 2005; Thillainathan 1999). Basu et al. (2007) in particular find that the higher ownership positively impact to the higher remuneration to executive. Meanwhile, Cheung et al. (2005) in their study of 412 firms in Hong Kong explain cash emoluments received by executives' are linked to their shareholding in the firm. Study by Thillainathan (1999), on the other hand exhibit that the family ownership can manipulate the remuneration through cross holding and pyramids; two patterns that are common in Malaysia. Essentially, He (2008) explains that cross holding and pyramid can maximize the control of majority shareholder while increasing private benefits. This ultimately is the expense for minority shareholder due to fewer dividends distributed.

4.5   Control variables

Researchers' arguments that remuneration increases as firm size increases are based on the increasing complexity of the job at larger firms (Murphy, 1999): bigger firms require managers who are particularly talented and are willing to offer them higher remuneration. Previous studies have similarly linked firm size and directors' compensation; whereby larger firms are expected to provide larger remuneration packages for their directors.

We control for firm size by using the natural log of market capitalisation (MKTCAP). Next, we control for the level of debt by including the ratio of total debt to total equity (DEBT); a positive relationship is predicted. Then we control for the level of audit quality in a firm. Our proxy for audit quality is auditor size, which takes the value of 1 if the firm is audited by a Big Four (4) firm (BIG4).

Jensen and Murphy (1990) show that directors in better performing firms receive greater levels of remuneration. This is consistent with the agency paradigm that emphasis that managers are self-serving and those formal mechanisms such as monitoring and reward structures are meant to align the incentives of top managers and shareholders (Jensen and Meckling, 1976; Fama and Jensen, 1983.) Like other studies (Anderson and Bizjak, 2003; Ozkan, 2007) we include firm performance measures as determinants for director remuneration, consisting of both accounting and market measures of performance. Our accounting measure of performance is lagged return on assets (ROA (-1)), which is total earnings before interest and tax divided by total assets, while lagged market-adjusted continuously compounded annual share return (ROR (-1)) is our market measure of performance. We predict a positive relationship between performance measures (ROA (-1) and ROR (-1)) and DIRREM. To control for risk in returns, we include a standard deviation of return on assets measured in a five-year rolling period (STDROA). The next control variable is managerial ownership (MANOWN). Directors with a low level of shareholdings are more likely to be motivated by incentives provided through remuneration (Ozkan, 2007), and therefore we predict a negative relationship between MANOWN and DIRREM. Industry dummies (INDUSTRIES), are included to control for industry effects. Finally, we include year dummies (PERIOD) for any unobserved effect during the test period.

[Table 1 about here]

4.6   Sample description

Panel A of Table 2 represents the descriptive statistics of dependent variables for this study. The average total directors' remuneration (DIRREM_RM) is RM 2.176 million. The average executive directors' remuneration (EXECREM_RM) is RM 1.915 million, while non-executive directors' remuneration (NEDREM_RM) averages RM 259,000. The components for executive directors' remuneration of executive salary (EXECSAL_RM), executive fees (EXECFEES_RM), executive benefits (EXECBEN_RM) and executive bonuses (EXECBON_RM) register a mean of RM 1.462 million, RM 91,000, RM 185,000 and RM 176,000 respectively. The components of non-executive directors' remuneration of fees (NEDFEES_RM), benefits (NEDBEN_RM) and bonuses (NEDBON_RM) record means of RM 234,000; RM 14,000 and RM 12,000 respectively. Executive director bonuses represent around 8.09 percent of total cash remuneration, while non-executive directors' bonuses amount to a mere 0.55 percent of total cash remuneration.

Panel B of Table 2 tabulates the descriptive for the independent variables.[12] The number of women directors on boards (WOMEN_BOD) averages 1.597 and ranges between nil to ten. The proportion of women directors (WOMEN) averages a mere

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[12]The average board size for this study is 7 (7.11) directors. Shakir (2008) find that between 1999 -2005 the mean board size in Malaysia is 7 directors with a minimum of 4 and a maximum of 13 directors. These figures are consistent with figures reported by Mak and Kusnadi (2005), Dogan and Smyth (2002) and Abdullah (2004) and as can be seen, varies little over the period under study.

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0.195 (19.5 per cent), lower than the 30 per cent targeted by the Malaysian government. Our sample firms record on average 2.928 Bumiputras directors (BOD_BUMI), in a range between one and ten. Bumiputras directors make up, on average, 0.415 (41.5 per cent) of the total number of directors. Our findings differ from Low et al. (2015), which records 10 percent for the period of 2012 and 2013.

Panel C of Table 2 presents the descriptive for the corporate governance variables in this study. The proportion of independent directors (BOD_IND) averages 0.457 (45.7 per cent). Our second corporate governance variable is BODLOCK, which is the proportion of those who hold multiple directorships. BODLOCK averages 0.283 (28.3 per cent) while our third corporate governance variable, NDUALITY averages 0.597 (59.7 per cent).

Panel D tabulates the institutional variables. 44.6 per cent of the sample firms are politically connected (POLCON). The institutional ownership (INSTOWN) averages 12.931 per cent and ranges between nil to 73.77 per cent. The average number of family members on boards of directors is 21.3 per cent.

The descriptive figures for our control variables are presented in panel E. The natural log transformation of market capitalisation (MKTCAP) averages 18.57. The ratio of total debt to total equity (DEBT) is 1.032, and 47.3 per cent of firms are audited by a Big Four (BIG4) auditing firm. Lagged returns on assets (ROA (-1)) and market adjusted returns (ROR (-1)) average 0.034 and 0.052 respectively. The standard deviation on return on assets (STDROA) records a mean of 5.196 while the direct managerial shareholding (MANOWN) is 7.281 per cent.

[Table 2 about here]

5   Results

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5.1 Correlations

The Pearson and Spearman rank-correlations between DIRREM and WOMEN are 0.160 and 0.144 respectively, both significant at the one per cent level as presented in Table 3. The correlations between BUMI and DIRREM are -0.079 (Pearson) and -0.130 (Spearman-rank), both significant at the one per cent level. We find significant correlations between INSTOWN and WOMEN for both Pearson (0.103) and Spearman-rank (0.102). However, we find no significant correlations between FAMILY and WOMEN (both Pearson and Spearman-rank), and INSTOWN and BUMI. We find positive and significant correlations (both Pearson and Spearman-rank) between both of our performance measures and DIRREM. This finding lend initial support of the role of firm performance and remuneration in aligning interest between managers and shareholders.

We find significant correlations between all variables against DIRREM (both Pearson and Spearman), with the exception of BODIND and BODLOCK. Furthermore, we find significant correlation between WOMEN with ROA (-1) (0.061) and ROR (-1) (0.056), but only for Spearman-rank correlations. The overall correlations between variables suggest that there is no serious multicollinearity issue. In addition, the subsequent VIFs tests for the regressions suggest no multicollinearity issue among the test variables.

[Table 3 about here]

5.2 Multivariate analysis

Table 4 represents the main regression results. Columns 1, 3 and 5 are regressions without the interaction WOMEN×BUMI for natural log transformation for total

directors' remuneration (DIRREM), executive directors' remuneration (EXECREM) and non-executive directors' remuneration (NEDREM) respectively. We find a positive and significant relationship between WOMEN and DIRREM (0.442, t=2.169, p<0.05) and a significantly negative relationship between BUMI and DIRREM (-0.571, t=-2.061, p<0.05), tabulated in column 1. The adjusted R^2 for these regressions are 22.1, 9.4 and 23.4 percent respectively. On average, the regressions explain from 9.4 percent to 22.1 percent of variations in the determinants of directors' remuneration in Malaysia.

The positive relationship between the proportion of women directors and directors' remuneration may suggest that increase in directors' remuneration is due to increase in women's participation' in board. This positive relationship supports the argument raised by Ferreira (2010) that a diverse board are able to provide a different perspective on business strategies. Further, this finding supports Terjesen et al. (2009) argument that women directors' presence increases accountability and improves communication on board of directors. Our results also support the arguments raised by Elkinawy and Stater (2011), Gul et al. (2011) and Gul et al. (2013) that female participation on board enhances decision making. We view the positive relationship as recognition towards the women directors on the board. In addition, our positive findings support the theoretical argument raised by the resource dependency theory that suggest the women directors are being sought to enhance performance of the firms.

The negative relationship between the proportion of Bumiputras directors and total directors' remuneration could suggest that their role is to secure networking and connections via (possible) Bumiputras participation in the government. This negative finding might also demonstrate lack of cohesion between ethnic groups (Ferreira, 2010).

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However, we find varied results when we separate DIRREM into EXECREM and NEDREM. We find no support of a significant relationship between WOMEN and EXECREM, shown in column 3, but a positive and significant relationship between WOMEN and NEDREM (0.835, t=3.711, p<0.01), tabulated in column 5. We find a significant and negative relationship between BUMI and EXECREM (-3.193, t=-4.661, p<0.01) but no evidence of impact on NEDREM, shown in columns 3 and 5 respectively. These differences in results are somewhat interesting. The negative and significant relationship between BUMI and EXECREM suggest that their play a major part in day-to-day operation of the business, and as such proven to be a contribution to firms' performance. However, the positive relationship between WOMEN and NEDREM could suggest that women directors are being rewarded for their monitoring role and provide significant contribution to the firms.

We extended the analyses by including the interaction WOMEN×BUMI as presented in columns 2, 4, and 6. We find a positive and significant relationship between WOMEN×BUMI (2.760, t=1.702, p<0.10) and DIRREM. This suggests the negative relationship observed earlier between BUMI and DIRREM is weakened by the presence of women directors. These results are consistent for total executive (EXECREM) and total non-executive (NEDREM) remuneration. What we can deduce from this is that the role of women directors in the corporate sector is largely due to their ability to provide services that are beneficial to the firms' economies of scale (Ferreira, 2010).

We find no evidence to suggest that our corporate governance variables (BOD_IND; BODLOCK and NDUALITY) influence DIRREM. However, we find a significant and negative relationship between NDUALITY and EXCREM (-0.414, t=-2.239, p<0.05), suggesting that the separation of CEO and chairperson plays a

monitoring role and demonstrates effective governance, as shown in column 3. In contrast, we find a positive and significant impact of NDUALITY on NEDREM.

As for the institutional variables, we find a positive and significant impact of INSTOWN and FAMILY on DIRREM, tabulated in column 1, and positive and significant coefficients for MKTCAP, DEBT, BIG4 and ROA (-1), also tabulated in column 1. The variance inflation factor (VIF) for regressions in Table 5 ranges between 1.441 and 2.773, suggesting no multicollinearity issue. [13]

[Table 4 about here]

We then performed the same analysis for executive directors' remuneration components: executive salary (EXECSAL), executive fees (EXECFEES), benefits (EXECBEN) and bonuses (EXECBON). As shown in columns 1, 3, 5 and 7 of Table 5, we find a positive and significant impact of WOMEN only on EXECBEN (2.972, t=2.132, p>0.05). We find negative and significant impacts of BUMI on EXECSAL (-2.761, t=-3.250, p<0.01), EXECFEES (-3.671, t=-1.932, p<0.10) and EXECBON (-4.017, t=-2.033, p<0.05). Our extended analysis finds that women directors weaken the negative relationship between BUMI and EXECSAL.

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[13] The VIFs for ROA is 2.498 and ROR is 2.526, which is lower than 10, and thus it is still within acceptable range for correlation.

[Table 5 about here]

Table 6 tabulates the regression analysis for non-executive directors' remuneration components: non-executive fees (NEDFEES), benefits (NEDBEN) and bonuses (NEDBON). Our analysis suggests that the proportion of women directors (WOMEN) has a positive and significant impact on non-executive directors' fees (NEDFEES) and benefits (NEDBEN), but not on bonuses (NEDBON). We did not find a relationship existing between BUMI and any of the non-executive directors' remuneration components. As presented in column 2, we find the negative relationship between BUMI and NEDFEES (3.293, t=1.807, p<0.10) is weaker with the presence of women directors. Since non-executives largely receive fees as opposed to benefits or bonuses, this finding is important in highlighting the role of women directors in the corporate sector on remuneration.

[Table 6 about here]

5.3   Tokenism to critical mass

In the spirit of studies that examine the impact of minorities in corporate boardrooms (e.g. Torchia et al., 2011), we extended the analysis by considering the incremental impact of women directors' participation on directors' remuneration. Initial argument on women in most corporate boards, there is only one woman or a small minority of women. As such, they are often considered as tokens (Torchia et al., 2011). In addition, drawing from the critical mass theory (Granovetter, 1978), this section addresses the question of whether an increased number of women directors results in the build-up of critical mass that substantially contributes to firm innovation. By identifying different minorities of women directors (one woman, two women and

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at least three women), we test whether, and to what extent, they could have an impact on the level of firm innovation.

The concept of 'tokenism' grasp the idea when minorities (gender or ethnic) are marginalised when the presence are modest. Tokenism could lead to stereotyping (Kanter, 1977a, b; Powell et al., 2002) and thus being perceived negatively, often doubted and not trusted by the organisation or other managers (Torchia et al., 2011). Torchia et al. (2011) state that, as a result from being labelled as 'tokens' create discomfort, isolation and self-doubt, interference with performance and face additional pressure to succeed.

On the other hand, critical mass theory (Kanter, 1977a, b) suggest that when the size of the sub-groups reaches a critical mass, a qualitative change will take place in the nature of group interactions. In addition, Kanter (1977a, b) argues that when the size of the minority group increases, it gains trust, and the majority benefits from the resources, the minority brings to the organization.

We opt similar approach to Erkut et al. (2008) and Konrad et al. (2008) that suggest that critical mass of women directors is achieved when board of directors have at least three women. The aim was to test if at least three women directors could constitute a desirable critical mass in a firm. We operationalised WOMEN=1 to takes the value of 1 if the women directors number only one, zero otherwise. Next, we operationalised WOMEN=2, an indicator variable if the women director's number two, zero otherwise. The variables WOMEN=1 and WOMEN=2 represent tokenism of women's participation on the board. Next, we operationalised WOMEN>=3 to takes the value of 1 if the women directors number three or more, zero otherwise, by which to represent critical mass.

As presented in column 1 of Table 7, we find a positive and significant relationship between WOMEN>=3 and DIRREM (0.228, t=2.346, p<0.05),

suggesting that having at least three women directors is essential if they are to be effective in providing services to the firm.[14]

The role of critical mass for WOMEN directors is only significant for NEDREM as the interaction term; (WOMEN=>3) X BUMI is positive and significant (2.419, t=2.653, p<0.05) as shown on column 6 of Table 7. The study could not find similar findings for either DIRREM or EXECREM.

[Table 7 about here]

The concept of tokenism to critical mass can also be applied to the number of Bumiputras directors. The premise of the test whether at least three Bumiputras directors constitute a desirable critical mass in a firm. We operationalised BUMI=1 that takes the value of 1 if the Bumiputras director number only one, zero otherwise. Next, we operationalised BUMI=2, an indicator variable if the Bumiputras directors number to two, zero otherwise. The variables BUMI=1 and BUMI=2 represent tokenism for Bumiputras directors participation on the board. Next, we operationalised BUMI=>3 to take a value of 1 if the Bumiputras directors number three or more, zero otherwise in which this represent critical mass.

Similar to WOMEN, we find that Bumiputras directors (BUMI) achieved critical mass as presented in column 1 of Table 8 (BUMI=>3; 0.249, t=2.664; p<0.05). In addition, the interaction between WOMEN X (BUMI=>3), resulted in a positive and

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[14] There are 27 percent of sample firms that have at least 3 or more women directors.

significant coefficient (0.784, t=1.726, p<0.10) and this suggest that both the presence of women directors and at least three Bumiputras directors have positive effect on remuneration.

The role of critical mass for BUMI is positive and significant for DIRREM as shown by the interaction term; WOMEN X (BUMI=>3) at column 2 of table 8 (0.784, t=1.726, p<0.10). We find similar finding when it comes to EXECREM as the critical mass interaction with WOMEN is positive and significant (2.333, t=2.020, p<0.05).

[Table 8 about here]

6 Conclusion

Malaysia represents a unique setting for investigating the relationship between board diversity and directors' remuneration. We defined board diversity as the proportion of women and Bumiputras directors on the board. After controlling for other determinants of remuneration such as size, corporate governance variables, risk and other institutional variables, we find a positive and significant relationship between women directors and directors' remuneration, but a negative and significant relationship between the proportion of Bumiputras directors and remuneration. The main implication of this finding is the positive effect of firms hiring more women in top management roles. In addition, the negative effect of Bumiputras suggest that their role is to offer political expedience to the board and thus provide economies of scale through their status to the country.

Our extended analysis suggests an interesting finding, that the negative effect of Bumiputras directors on remuneration is weakened by the presence of women directors. The result provide evidence that the presence of women directors give positive effect to the firms. Therefore, the government policy announced in June 2011

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to increase female representation on all board of directors is considered as timely and crucial as to identify the possible balance of demographic differences in the boards. Our findings suggest that diverse boards especially in term of gender are important in providing optimal support and services to an organisation.

The findings of this study provide implication to the regulators to provide appropriate and optimum remuneration to compensate women on their good performance. Our study provides a stepping-stone for future research and possible government implication on having demographically diverse boards' structures. The findings strengthen the government argument on having more women on board. In addition, further studies could be done to investigate further the role of Bumiputras in the Malaysian capital market.

The study is not without any limitations. First, we do not have the individual remuneration data for each director as such data usually not made available in the annual reports. Such unavailability limits the analysis to investigate further the role of both women and Bumiputras directors.

Data availability: Data are publicly available from the sources identified in the paper.

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Table 1: Operational definition of variables

Variables	Sign	Definition	Source
Panel A: Dependent Variables			
DIRREM_RM		Total Directors' remuneration	Annual reports
EXECREM_RM		Total Executive Directors' remuneration	Annual reports
EXECSAL_RM		Total executive directors' salary	Annual reports
EXECFEES_RM		Total executive directors' fees	Annual reports
EXECBEN_RM		Total executive directors' benefits	Annual reports
EXECBON_RM		Total executive directors' bonuses	Annual reports
NEDREM_RM		Total non-executive directors' remuneration	Annual reports
NEDFEES_RM		Total non-executive directors' fees	Annual reports
NEDBEN_RM		Total non-executive directors' benefits	Annual reports
NEDBON_RM		Total non-executive directors' bonuses	Annual reports
DIRREM		Natural log transformation of Total Directors' remuneration	Annual reports
EXECREM		Natural log transformation of Total Executive Directors' remuneration	Annual reports
EXECSAL		Natural log transformation of Total executive directors' salary	Annual reports
EXECFEES		Natural log transformation of Total executive directors' fees	Annual reports
EXECBEN		Natural log transformation of Total executive directors' benefits	Annual reports
EXECBON		Natural log transformation of Total executive directors' bonuses	Annual reports
NEDREM		Natural log transformation of Total non-executive directors' remuneration	Annual reports
NEDFEES		Natural log transformation of Total non-executive directors' fees	Annual reports
NEDBEN		Natural log transformation of Total non-executive directors' benefits	Annual reports
NEDBON		Natural log transformation of Total non-executive directors' bonuses	Annual reports
Panel B: Independent Variables			
WOMEN_BOD		Number of women directors on board	Annual reports
WOMEN		The proportion of women directors on board	Annual reports
BOD_BUMI		The number of Bumiputras directors on board	Annual reports
BUMI		The proportion of Bumiputras directors on board	Annual reports
Panel C: Corporate Governance Variables			
BOD_IND		The proportion of independent directors on board	Annual reports
BODLOCK		The proportion of directors that hold multiple directorship	Annual reports
NDUALITY		A dummy variable that takes the value of 1 if the CEO and Chairman functions are held by separate individual	Annual reports
Panel D: Institutional Variables			
POLCON		An indicator variable, 1 for politically connected firms, 0 otherwise	Johnson and Mitton (2003)
INSTOWN		% ownership by top 5 institutional investors	Annual reports
FAMILY		The proportion of family members on the board of directors	Annual reports
Panel E: Control Variables			
MKTCAP		Natural log transformation of market capitalisation	Compustat Global
DEBT		Total debt over total equity	Compustat Global
BIG4		An indicator variable that takes on the value of 1 if the auditor is a Big 4 auditor, zero otherwise	Annual reports
ROA(-1)		Lagged return on assets	Compustat Global
ROR(-1)		Lagged market adjusted returns	Compustat Global
STDROA		Standard deviation of return on assets (5 years)	Compustat Global
MANOWN		Direct managerial ownership	Annual reports

Table 2: Descriptive Analysis (n=1094)

	Mean	Percentage	Median	Maximum	Minimum	Std. Dev.
Panel A: Dependent Variables						
DIRREM_RM ('000)	2176	-	1427	70347	51	4418
EXECREM_RM ('000)	1916	88.05	1163	69621	51	4333
EXECSAL_RM ('000)	1462	67.19	921	68851	0	4015
EXECFEES_RM ('000)	92	4.23	24	2015	0	209
EXECBEN_RM ('000)	186	8.55	39	38166	0	1217
EXECBON_RM ('000)	176	8.09	0	6948	0	506
NEDREM_RM ('000)	259	11.90	162	3332	0	335
NEDFEES_RM ('000)	234	10.75	155	2498	0	268
NEDBEN_RM ('000)	14	0.64	0	676	0	47
NEDBON_RM ('000)	12	0.55	0	1466	0	89
DIRREM	14.128		14.171	18.069	10.840	0.910
EXECREM	13.672		13.967	18.059	0.000	2.172
EXECSAL	13.224		13.734	18.047	0.000	2.692
EXECFEES	6.699		10.086	14.516	0.000	5.579
EXECBEN	7.533		10.571	17.457	0.000	5.562
EXECBON	4.668		0.000	15.754	0.000	5.997
NEDREM	11.976		11.995	15.019	0.000	1.090
NEDFEES	11.896		11.950	14.731	0.000	1.135
NEDBEN	2.595		0.000	13.424	0.000	4.483
NEDBON	0.958		0.000	14.198	0.000	3.064
Panel B: Independent Variables						
WOMEN_BOD	1.597		1.000	10.000	0.000	1.825
WOMEN	0.195		0.167	0.714	0.000	0.193
BOD_BUMI	2.928		3.000	10.000	1.000	1.066
BUMI	0.415		0.429	1.000	0.125	0.129
Panel C: Corporate Governance Variables						
BOD_IND	0.457		0.429	0.857	0.143	0.127
BODLOCK	0.283		0.250	1.000	0.000	0.217
NDUALITY	0.597		1.000	1.000	0.000	0.491
Panel D: Institutional Variables						
POLCON	0.446		0.000	1.000	0.000	0.497
INSTOWN	12.931		7.531	73.770	0.000	14.199
FAMILY	0.213		0.000	1.000	0.000	0.245
Panel E: Control Variables						
MKTCAP	18.570		18.379	21.823	11.747	0.954
DEBT	1.032		0.663	9.820	0.000	1.165
BIG4	0.473		0.000	1.000	0.000	0.499
ROA(-1)	0.034		0.038	0.775	-0.694	0.105
ROR(-1)	0.052		0.065	2.907	-1.962	0.262
STDROA	5.196		3.677	38.871	0.000	5.170
MANOWN	7.281		0.000	61.390	0.000	13.952

Please refer to Table 1 for operational definitions of variables.

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Table 3: Correlations

	1	2	3	4	5	6	7	8	9	10	11	12	13
DIRREM	1	0.144***	-0.130***	-0.025	-0.034	0.156***	0.167***	0.337***	0.096***	0.326***	0.361***	-0.070**	0.118***
WOMEN	0.160***	2	-0.078***	-0.270***	-0.254***	0.102***	0.025	0.143***	0.025	0.061**	0.056*	-0.038	0.050*
BUMI	-0.079***	0.005	3	0.063**	0.029	0.046	-0.101***	0.016	-0.024	-0.067**	-0.068***	-0.004	-0.143***
BODIND	-0.043	-0.281***	0.085***	4	0.201***	0.034	-0.133***	0.080***	0.021	-0.004	0.012	-0.008	-0.122***
BODLOCK	-0.033	-0.272***	0.061	0.232***	5	0.045	-0.637***	0.097***	-0.043	0.029	0.033	0.037	-0.081***
INSTOWN	0.146***	0.103***	0.076	0.001	0.056*	6	-0.100***	0.222***	-0.058	0.135***	0.139***	0.019	-0.061**
FAMILY	0.160***	0.002	-0.117***	-0.102***	-0.076**	-0.080***	7	-0.197***	0.030	-0.001	0.001	-0.013	0.836***
MKTCAP	0.280***	0.179***	0.077**	0.072***	0.068**	0.171***	-0.158	8	0.016	0.145***	0.176***	-0.030	-0.261***
DEBT	0.082***	-0.022	-0.030	0.099***	-0.013	-0.056*	0.024	0.050	9	-0.264***	-0.089***	0.012	0.011
ROA(-1)	0.228***	0.042	0.038	0.016	0.044	0.110***	0.005	0.103***	-0.166***	10	0.950***	0.035	0.004
ROR(-1)	0.218***	0.039	0.044	0.044	0.055	0.108***	-0.013	0.126***	-0.154***	0.799***	11	0.024	-0.004
STD_ROA	-0.099***	-0.055*	0.053*	-0.005	0.037	0.013	-0.198	-0.051*	0.043	-0.174***	-0.169***	12	-0.030
MANOWN	0.028	-0.008	-0.141***	-0.041	-0.061*	-0.029	0.510***	-0.188***	-0.057	0.005	0.000	-0.052*	13

Please refer to Table 1 for operational definitions. Italicised figures are Spearman-rank correlations and the non-italicised figures are Pearson correlations. *, ** and *** represents significant levels of 10, 5 and 1 per cent respectively.

Table 4: Main Regressions

Variable	DIRREM 1		DIRREM 2		EXECREM 3		EXECREM 4		NEDREM 5		NEDREM 6	
C	9.511		9.702		10.706		11.225		5.213		5.461	
	12.626	***	*12.785*	***	*5.745*	***	*5.979*	***	*6.284*	***	*6.534*	***
WOMEN	0.442		-0.688		0.666		-2.405		0.835		-0.635	
	2.169	**	*-0.991*		*1.321*		*-1.399*		*3.711*	***	*-0.859*	
BUMI	-0.571		-0.905		-3.193		-4.101		-0.429		-0.864	
	-2.061	**	*-2.622*	**	*-4.661*	***	*-4.802*	***	*-1.403*		*-2.266*	**
WOMEN×BUMI			2.760				7.500				3.591	
			1.702	*			*1.868*	*			*2.095*	**
BOD_IND	-0.138		-0.096		0.172		0.286		-0.367		-0.313	
	-0.480		*-0.333*		*0.241*		*0.399*		*-1.162*		*-0.988*	
BODLOCK	-0.062		-0.066		0.004		-0.007		0.074		0.069	
	-0.34		*-0.363*		*0.008*		*-0.016*		*0.37*		*0.345*	
NDUALITY	-0.099		-0.099		-0.414		-0.414		0.35		0.35	
	-1.323		*-1.325*		*-2.239*	**	*-2.244*	**	*4.269*	***	*4.283*	***
POLCON	0.053		0.052		0.054		0.052		0.159		0.159	
	0.679		*0.674*		*0.28*		*0.274*		*1.879*	*	*1.879*	*
INSTOWN	0.006		0.006		0.009		0.009		0.004		0.004	
	2.235	**	*2.294*	**	*1.328*		*1.391*		*1.339*		*1.41*	
FAMILY	0.770		0.755		1.408		1.368		-0.448		-0.467	
	4.405	***	*4.325*	***	*3.264*	***	*3.175*	***	*-2.332*	**	*-2.437*	**
MKTCAP	0.231		0.228		0.178		0.170		0.353		0.349	
	5.72	***	*5.648*	***	*1.784*	*	*1.700*	*	*7.969*	***	*7.897*	***
DEBT	0.080		0.077		0.147		0.137		0.031		0.027	
	2.773	***	*2.652*	**	*2.044*	**	*1.912*	*	*0.985*		*0.843*	
BIG4	0.267		0.263		0.182		0.168		0.241		0.235	
	3.890	***	*3.823*	***	*1.06*		*0.983*		*3.128*	***	*3.052*	***
ROA(-1)	1.112		1.151		0.431		0.536		1.291		1.341	
	2.462	**	*2.550*	**	*0.378*		*0.471*		*2.428*	**	*2.529*	**
ROR(-1)	0.256		0.245		0.433		0.404		0.015		0.001	
	1.350		*1.294*		*0.912*		*0.852*		*0.072*		*0.006*	
STDROA	-0.008		-0.008		-0.018		-0.02		0.005		0.005	
	-1.257		*-1.343*		*-1.185*		*-1.278*		*0.751*		*0.657*	
MANOWN	-0.004		-0.003		-0.002		-0.001		0.001		0.002	
	-1.158		*-1.076*		*-0.277*		*-0.187*		*0.407*		*0.506*	
Industry & Period Fixed	Yes		Yes		Yes		Yes		Yes		Yes	
Adjusted R^2	0.221		0.224		0.094		0.098		0.234		0.238	
F-statistic	*15.09*	***	*14.722*	***	*6.172*	***	*6.187*	***	*16.188*	***	*15.838*	***
VIF (regression)	1.441		2.763		1.445		2.773		1.461		2.709	

Please refer Table 1 for operational definitions. Significant p-values are bold. [*], [**] and [***] represents significant levels of 10, 5 and 1 per cent respectively.

Table 5: Regression analysis (executive directors' remuneration)

Variable	EXECSAL 1	EXECSAL 2	EXECFEES 3	EXECFEES 4	EXECBEN 5	EXECBEN 6	EXECBON 7	EXECBON 8
C	12.588	13.363	12.512	11.746	1.232	0.963	5.05	4.585
	5.440 ***	*2.679* **	*2.417* **	*2.251* **	*0.238*	*0.185*	*0.938*	*0.844*
WOMEN	0.890	-3.696	-1.237	3.294	2.979	4.571	-0.218	2.531
	1.426	*-1.726* *	*-0.883*	*0.692*	*2.132* **	*0.955*	*-0.15*	*0.511*
BUMI	-2.761	-4.117	-3.671	-2.331	-1.650	-1.179	-4.017	-3.204
	-3.250 ***	*-3.895* ***	*-1.932* *	*-0.983*	*-0.870*	*-0.497*	*-2.033* **	*-1.298*
WOMEN×BUMI		11.201		-11.066		-3.888		-6.714
		2.237 **		*-0.995*		*-0.348*		*-0.581*
BOD_IND	0.838	1.008	-1.724	-1.892	1.839	1.780	-1.093	-1.195
	0.947	*1.138*	*-0.874*	*-0.955*	*0.933*	*0.899*	*-0.532*	*-0.579*
BODLOCK	-0.46	-0.476	-0.526	-0.509	-0.498	-0.492	0.455	0.465
	-0.824	*-0.857*	*-0.418*	*-0.406*	*-0.397*	*-0.392*	*0.349*	*0.357*
NDUALITY	-0.215	-0.215	-0.764	-0.763	-0.231	-0.231	-0.36	-0.36
	-0.936	*-0.940*	*-1.482*	*-1.483*	*-0.449*	*-0.449*	*-0.674*	*-0.674*
POLCON	0.240	0.238	-0.255	-0.253	0.567	0.567	1.355	1.356
	1.012	*1.008*	*-0.477*	*-0.474*	*1.065*	*1.066*	*2.447* **	*2.450* **
INSTOWN	0.012	0.012	0.018	0.018	-0.008	-0.009	0.011	0.01
	1.454	*1.533*	*1.015*	*0.984*	*-0.464*	*-0.476*	*0.564*	*0.546*
FAMILY	1.486	1.427	3.805	3.864	0.539	0.559	3.570	3.606
	2.782 ***	*2.679* **	*3.167* ***	*3.215* ***	*0.450*	*0.466*	*2.861* ***	*2.887* ***

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MKTCAP	0.021	0.008	-0.211	-0.198	0.215	0.22	0.008	0.015
	0.173	*0.069*	*-0.76*	*-0.714*	*0.777*	*0.793*	*0.026*	*0.053*
DEBT	0.151	0.136	-0.096	-0.082	0.218	0.223	-0.305	-0.296
	1.691 *	*1.534*	*-0.483*	*-0.411*	*1.103*	*1.126*	*-1.476*	*-1.433*
BIG4	0.304	0.284	-0.123	-0.103	1.113	1.12	1.161	1.173
	1.418	*1.329*	*-0.261*	*-0.219*	***2.366*** **	***2.380*** **	***2.360*** **	***2.385*** **
ROA(-1)	0.403	0.56	5.746	5.591	4.684	4.629	-0.513	-0.607
	0.283	*0.395*	***1.869*** *	***1.817*** *	*1.529*	*1.508*	*-0.158*	*-0.187*
ROR(-1)	0.696	0.652	-1.276	-1.233	-0.44	-0.424	2.662	2.689
	1.177	*1.107*	*-0.989*	*-0.956*	*-0.341*	*-0.328*	***1.970*** *	***1.989*** *
STDROA	-0.016	-0.019	0.013	0.015	-0.053	-0.052	-0.108	-0.107
	-0.860	*-0.973*	*0.312*	*0.362*	*-1.259*	*-1.241*	***-2.457*** **	***-2.429*** **
MANOWN	0.005	0.006	-0.025	-0.026	-0.030	-0.031	-0.013	-0.014
	0.568	*0.679*	*-1.208*	*-1.256*	*-1.439*	*-1.454*	*-0.605*	*-0.633*
Industry & Period Fixed	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Adjusted R^2	0.061	0.068	0.053	0.054	0.048	0.047	0.078	0.077
F-statistic	***4.237*** ***	***4.441*** ***	***3.807*** ***	***3.726*** ***	***3.504*** ***	***3.359*** ***	***5.187*** ***	***4.986*** ***
VIF(regression)	1.446	2.792	1.440	2.752	1.440	2.769	1.442	2.755

Please refer to Table 1 for operational definitions. Significant p-values are bold. *, ** and *** represents significant levels of 10, 5 and 1 per cent respectively.

Table6: Regression analysis (non-executive directors' remuneration)

Variable	NEDFEES 1		NEDFEES 2		NEDBEN 3		NEDBEN 4		NEDBON 5		NEDBON 6	
C	5.962		6.190		-15.045		-15.344		-6.064		-5.981	
	6.914	***	*7.119*	***	*-3.786*	***	*-3.825*	***	*-2.152*	**	*-2.103*	**
WOMEN	0.777		-0.572		2.935		4.705		-0.148		-0.638	
	3.316	***	*-0.729*		*2.736*	**	*1.280*		*-0.194*		*-0.246*	
BUMI	-0.379		-0.778		-0.397		0.126		1.523		1.378	
	-1.188		*-1.956*	*	*-0.273*		*0.069*		*1.472*		*1.066*	
WOMEN×BUMI			3.293				-4.323				1.196	
			1.807	*			*-0.503*				*0.197*	
BOD_IND	-0.532		-0.482		2.323		2.258		-1.434		-1.416	
	-1.604		*-1.450*		*1.533*		*1.482*		*-1.335*		*-1.312*	
BODLOCK	0.112		0.107		-0.369		-0.363		-0.506		-0.507	
	0.537		*0.515*		*-0.385*		*-0.378*		*-0.741*		*-0.743*	
NDUALITY	0.383		0.383		0.379		0.379		-0.064		-0.064	
	4.490	***	*4.500*	***	*0.960*		*0.960*		*-0.230*		*-0.230*	
POLCON	0.146		0.145		0.365		0.366		0.405		0.404	
	1.653	*	*1.650*	*	*0.896*		*0.897*		*1.397*		*1.396*	
INSTOWN	0.005		0.005		-0.038		-0.038		0.002		0.002	
	1.748	*	*1.810*	*	*-2.727*	**	*-2.743*	**	*0.200*		*0.206*	
FAMILY	-0.451		-0.468		-0.100		-0.077		1.137		1.131	
	-2.257	**	*-2.347*	**	*-0.109*		*-0.084*		*1.742*	*	*1.731*	*
MKTCAP	0.312		0.308		0.846		0.851		0.363		0.362	
	6.765	***	*6.693*	***	*3.974*	***	*3.995*	***	*2.405*	**	*2.394*	**
DEBT	0.023		0.019		-0.005		0.001		0.117		0.115	
	0.683		*0.558*		*-0.032*		*0.005*		*1.084*		*1.068*	
BIG4	0.235		0.229		0.563		0.570		0.612		0.610	
	2.931	***	*2.862*	***	*1.541*		*1.561*		*2.374*	**	*2.365*	**
ROA(-1)	1.202		1.249		5.288		5.227		-2.227		-2.210	
	2.159	**	*2.246*	**	*2.199*	**	*2.171*	**	*-1.314*		*-1.302*	
ROR(-1)	0.089		0.076		-0.776		-0.759		0.436		0.432	
	0.389		*0.333*		*-0.774*		*-0.757*		*0.616*		*0.609*	
STDROA	0.006		0.005		-0.001		0.000		-0.019		-0.020	
	0.787		*0.702*		*-0.039*		*-0.015*		*-0.840*		*-0.850*	
MANOWN	0.002		0.002		-0.003		-0.004		0.006		0.006	
	0.446		*0.533*		*-0.197*		*-0.221*		*0.484*		*0.493*	
Industry& Period Fixed	Yes		Yes		Yes		Yes		Yes		Yes	
Adjusted R^2	0.200		0.203		0.072		0.072		0.032		0.031	
F-statistic	*13.421*	***	*13.087*	***	*4.857*	***	*4.662*	***	*2.659*	***	*2.544*	***
VIF(regression)	1.458		2.748		1.444		2.775		1.443		2.760	

Please refer to Table 1 for operational definitions. Significant p-values are bold. *, ** and *** represents significant levels of 10, 5 and 1 per cent respectively.

Table 7: Tokenism to critical mass: Women (2007–2009, n=1094)

Variable	DIRREM 1		DIRREM 2		EXECREM 3		EXECREM 4		NEDREM 5		NEDREM 6	
C	9.434		9.662		10.651		11.131		5.120		5.460	
	12.549	***	*12.772*	***	*5.714*	***	*5.911*	***	*6.197*	***	*6.566*	***
WOMEN=1	-0.025		-0.587		0.059		-0.294		0.035		-0.385	
	-0.262		*-2.065*	**	*0.250*		*-0.415*		*0.335*		*-1.212*	
WOMEN=2	0.125		-0.166		0.182		-0.896		0.192		0.226	
	1.163		*-0.413*		*0.682*		*-0.900*		*1.618*		*0.526*	
WOMEN>=3	0.228		-0.221		0.401		-1.036		0.437		-0.549	
	2.346	**	*-0.589*		*1.668*	*	*-1.108*		*4.075*	***	*-1.416*	
BUMI	-0.540		-1.069		-3.156		-3.970		-0.384		-0.869	
	-1.955	*	*-2.831*	***	*-4.604*	***	*-4.227*	***	*-1.261*		*-2.090*	**
(WOMEN=1)×BUMI			1.340				0.856				1.011	
			2.124	**			*0.544*				*1.427*	
(WOMEN=2)×BUMI			0.694				2.587				-0.072	
			0.761				*1.141*				*-0.074*	
(WOMEN=>3)×BUMI			1.090				3.526				2.419	
			1.226				*1.590*				*2.653*	**
BOD_IND	-0.102		-0.072		0.268		0.395		-0.303		-0.266	
	-0.355		*-0.248*		*0.375*		*0.549*		*-0.961*		*-0.842*	
BODLOCK	-0.064		-0.069		0.027		0.014		0.077		0.086	
	-0.351		*-0.378*		*0.059*		*0.031*		*0.387*		*0.430*	
NDUALITY	-0.097		-0.097		-0.410		-0.418		0.352		0.356	
	-1.290		*-1.300*		*-2.210*	**	*-2.254*	**	*4.312*	***	*4.375*	***
POLCON	0.042		0.044		0.035		0.030		0.142		0.143	
	0.536		*0.567*		*0.181*		*0.158*		*1.676*		*1.703*	
INSTOWN	0.006		0.006		0.008		0.008		0.003		0.003	
	2.116	**	*2.301*	**	*1.249*		*1.262*		*1.181*		*1.177*	
FAMILY	0.764		0.755		1.393		1.369		-0.464		-0.477	
	4.383	***	*4.350*	***	*3.230*	***	*3.175*	***	*-2.430*	**	*-2.513*	**
MKTCAP	0.234		0.234		0.177		0.168		0.356		0.349	
	5.828	***	*5.827*	***	*1.777*	*	*1.686*	*	*8.092*	***	*7.950*	***
DEBT	0.078		0.074		0.145		0.135		0.029		0.025	
	2.708	***	*2.575*	**	*2.024*	**	*1.876*	*	*0.923*		*0.779*	
BIG_4	0.268		0.267		0.190		0.181		0.244		0.240	
	3.907	***	*3.906*	***	*1.105*		*1.051*		*3.173*	***	*3.129*	***
ROA(-1)	1.109		1.136		0.411		0.518		1.274		1.326	
	2.461	**	*2.528*	**	*0.361*		*0.455*		*2.404*	**	*2.514*	**

Table 7 continued

ROR(-1)	0.243		0.228		0.417		0.390		-0.003		-0.021
	1.284		*1.209*		*0.878*		*0.821*		*-0.015*		*-0.100*
STDROA	-0.007		-0.008		-0.018		-0.019		0.006		0.005
	-1.183		*-1.359*		*-1.142*		*-1.211*		*0.839*		*0.715*
MANOWN	-0.003		-0.003		-0.001		-0.001		0.002		0.002
	-0.995		*-0.953*		*-0.194*		*-0.106*		*0.637*		*0.594*
Industry Fixed	Yes		Yes		Yes		Yes		Yes		Yes
Period Fixed	Yes		Yes		Yes		Yes		Yes		Yes
Adjusted R^2	0.223		0.228		0.094		0.097		0.238		0.244
F-statistic	**14.079**	***	**12.950**	***	**5.750**	***	**5.327**	***	**15.226**	***	**14.059** ***
VIF(regression)	1.455		5.685		1.458		5.659		1.476		5.430

Please refer to Table 1 for operational definitions. Significant p-values are bold. [*], [**] and [***] represents significant levels of 10, 5 and 1 per cent respectively.

Table 8: Tokenism to critical mass: Bumi (2007–2009, n=1094)

Variable	DIRREM		DIRREM		EXECREM		EXECREM		NEDREM		NEDREM	
	1		2		3		4		5		6	
C	9.384		9.551		9.614		10.177		5.147		5.313	
	12.548	***	*12.831*	***	*5.085*	***	*5.394*	***	*6.309*	***	*6.497*	***
WOMAN	0.231		0.110		0.891		0.466		0.557		0.464	
	1.043		*0.366*		*1.590*		*0.611*		*2.298*	**	*1.391*	
BUMI=1	0.083		0.200		0.275		0.390		0.003		0.020	
	0.631		*1.289*		*0.824*		*0.995*		*0.020*		*0.119*	
BUMI=2	-0.066		-0.060		0.200		0.264		-0.236		-0.200	
	-0.663		*-0.491*		*0.801*		*0.855*		*-2.176*	**	*-1.487*	
BUMI=>3	0.249		-0.004		-0.097		-0.837		0.227		0.029	
	2.664	**	*-0.024*		*-0.411*		*-2.028*	**	*2.217*	**	*0.161*	
WOMAN*(BUMI=1)			-1.943				-2.668				-0.520	
			-1.859	*			*-1.011*				*-0.465*	
WOMAN*(BUMI=2)			-0.241				-1.298				-0.548	
			-0.375				*-0.796*				*-0.777*	
WOMAN*(BUMI>3)			0.784				2.333				0.619	
			1.726	*			*2.020*	**			*1.237*	
BOD_IND	-0.070		-0.025		-0.181		-0.078		-0.200		-0.169	
	-0.239		*-0.088*		*-0.245*		*-0.106*		*-0.629*		*-0.531*	
BODLOCK	-0.067		-0.096		-0.103		-0.170		0.077		0.059	
	-0.366		*-0.531*		*-0.224*		*-0.371*		*0.390*		*0.297*	
NDUALITY	-0.086		-0.091		-0.337		-0.345		0.367		0.366	
	-1.154		*-1.224*		*-1.790*	*	*-1.843*	*	*4.542*	***	*4.539*	***
POLCON	0.026		0.038		-0.016		0.004		0.132		0.134	
	0.333		*0.490*		*-0.083*		*0.022*		*1.570*		*1.591*	
INSTOWN	0.005		0.005		0.008		0.009		0.003		0.003	
	1.895	*	*2.089*	**	*1.201*		*1.377*		*0.997*		*1.094*	
FAMILY	0.788		0.772		1.422		1.398		-0.408		-0.412	
	4.514	***	*4.460*	***	*3.226*	***	*3.192*	***	*-2.141*	**	*-2.169*	**
MKTCAP	0.225		0.215		0.171		0.142		0.346		0.337	
	5.569	***	*5.370*	***	*1.675*		*1.397*		*7.889*	***	*7.681*	***
DEBT	0.080		0.077		0.157		0.153		0.032		0.031	
	2.770	***	*2.670*	**	*2.144*	**	*2.095*	**	*1.014*		*0.987*	
BIG_4	0.252		0.273		0.199		0.257		0.230		0.248	
	3.644	***	*3.966*	***	*1.128*		*1.456*		*2.964*	***	*3.172*	***

Table 8 continued

ROA(-1)	0.960		1.015		0.392		0.521		1.169		1.204	
	2.121	**	*2.254*	**	*0.336*		*0.449*		*2.201*	**	*2.267*	**
ROR(-1)	0.272		0.252		0.411		0.341		0.025		0.001	
	1.436		*1.341*		*0.848*		*0.706*		*0.119*		*0.005*	
STDROA	-0.008		-0.008		-0.022		-0.021		0.005		0.006	
	-1.362		*-1.299*		*-1.388*		*-1.338*		*0.754*		*0.789*	
MANOWN	-0.002		-0.001		0.000		0.003		0.002		0.003	
	-0.798		*-0.404*		*0.033*		*0.327*		*0.725*		*0.887*	
Industry fixed	Yes		Yes		Yes		Yes		Yes		Yes	
Period fixed	Yes		Yes		Yes		Yes		Yes		Yes	
Adjusted R-squared	0.225		0.235		0.061		0.070		0.244		0.246	
F-statistic	*14.246*	***	*13.444*	***	*3.957*	***	*4.061*	***	*15.711*	***	*14.189*	***
VIF	1.567		5.678		1.453		5.564		1.563		5.238	