

# **EXPLORATORY STUDY IN MODELING A PERFORMANCE INDEX FROM HETEROGENEOUS RISK AND GOVERNANCE STRUCTURE THAT PROMOTES GOING CONCERN AMONG MALAYSIAN FIRMS**

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## **ABSTRACT**

This research explores the plausibility of constructing a performance index of risk and governance structure which will characterize both successful and unprofitable companies. Risk is expected to be examined pertinent to liquidity risk, financial risk and strategic risk. In a construct that represents each risk, a measurement ratio will be developed into an index. An estimated 390 companies of the estimated 1000 companies listed at Bursa Malaysia from 2001 to 2014 are used. The reduction in the number of companies compiled, has been due to a substantial amount of insufficient information which may lead to severe unbalanced data when the panel is regressed. A panel estimation will be run on risk and governance construct, of which an output with higher cumulative index may match viable companies. Companies with lower cumulative index will represent unprofitable companies. The cumulative index on risk and governance that are developed will provide a general snapshot or overview on what level of risk and governance structure the company can adopt if it has to be sustainable as a going concern company.

**Keywords:** Performance Index; Risk; Governance; Sustainable; Going Concern.

## **1. BACKGROUND**

Establishment of companies started from a simple objective of reaping miniature profit. It is indeed a natural characteristic of small and medium sized companies, with few directors and venturing into multitude of business enterprise. There is without doubt there is no element of certainty that

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