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## Corporate Governance Practices and Capital Structure: Evidence from Malaysian Capital Market

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### Abstracts

Corporate Governance has become the most inevitable issues around the world as the emergence of prominent corporate scandals, for example, Enron and WorldCom. It was also known as an important key of leading good financing decision in a company. The motivation behind this project sought to investigate the influences of the Corporate Governance practices on capital structure decision among Top 100 companies for overall Corporate Governance and performance in Malaysian Capital Market over the period 2012 to 2016. All data was gathered from annual report of Malaysian listed firms in Bursa Malaysia Stock Exchange, excluding the financial companies due to their special rules and regulation in their Corporate Governance system. This study has been employed descriptive analysis, correlation analysis and fixed effects regression model to find out the research objectives. Results from the research indicate that board gender, independence audit committee, and profitability were statistically negative to leverage. Further, the research also found that large firm size with high managerial ownership will pursue high debt policy. Nonetheless, debt- to-equity ratio has no zero relationship with board size and board independence. These findings will be useful to the policymaker to formulate Corporate Governance mechanisms as well as investors for assessing the listed companies in Malaysia before making investment decision.

**Keywords:** Corporate Governance, Capital Structure Decision, Non-financial Listed Malaysian Companies

### Introduction

In Malaysia, Norwani et al (2011) stated that the Bumiputera Malaysia Finance scandal, the Perwaja fiasco, the corporate malfeasance of Technology Resources Industries (TRI) Berhad, and extensive problem of Malaysian Airline System (MAS) caused regime of Malaysia to reinforce the framework of Corporate Governance system. Weaknesses of Corporate Governance Malaysia has been highlighted and required to rectify and renovate. According to Heng et al., (2012), Malaysia has experienced well performance and become one of the rapid developing countries as well as able to