

Corporate Governance Practice Intention among Malaysian Small and Medium-Sized Enterprises

Shu Yi Lim

Chee Yoong Liew

UCSI University, Malaysia

Sade Abu Bakar

Universiti Putra Malaysia, Malaysia

One of the major reasons for poor-performing Small and Medium-sized enterprises (SMEs) is poor governance. Good corporate governance (CG) practices reduce mismanagement and ensure success and sustainable growth. However, in Malaysia, despite the encouragement given by the regulatory bodies, in the absence of mandatory compliance, the awareness and compliance are very low. Furthermore, the extant CG literature provides limited attention to SME governance. Thus, this study examines the behavioural aspects of Malaysian SMEs to practise CG. To identify the determinants of SMEs to practise CG, we tested a model on a sample of 262 SME owners or managers using structural equation modelling and integrating the Decomposed Theory of Planned Behaviour (DTPB) with Technology-organisational-environmental (TOE) framework. The findings highlight that all variables are relevant in predicting the SMEs' intention to practise CG, whereas only one variable (perceived complexity) do not affect intention. Ten of our eleven hypotheses were supported. This research not only bridges the gap for the lack of CG studies among SMEs but also help the policymakers in crafting strategies based upon the findings of behavioural aspects in this study to promote SME governance in the country.

Keywords: *Corporate Governance, Malaysian SME, SME, SME Governance*