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# Benchmarking Malaysian Government-Linked Companies' Corporate Governance and Sustainable Development Goals Performance with Public Companies of Developed Countries

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## Abstract

**Purpose:** This study examines the impact of Corporate Governance (CG) and Sustainable Development Goal (SDG) practices on the financial market and company performances of public sector companies in Malaysia, benchmarking against the public listed countries in United States, United Kingdom, Canada and Singapore. The benchmarking is done between a developing country against four developed countries.

**Design/Methodology/Approach:** Panel data regression is adopted for methodology, and the research timeframe is 2017 to 2021. Eight-panel data models, which are stock return, volatility, investor sentiment, profitability, liquidity, solvency, financial efficiency and repayment capacity models are selected.

**Findings:** The result shows that board responsibilities, remuneration, audit committee, risk management and internal control, engagement with stakeholders and conduct of general meetings are the CG variables to affect the financial market and company performance. SDG 4, 5, 8, 10, 11, 13, 16 and 17 are significant to the financial market and company performance.

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**Originality/Value:** The result of this study contributes to policymakers, regulators and practitioners in identifying the best CG and SDG practices that can help the Malaysian GLCs to gain better financial performance. The results assist the Malaysian government in understanding the gap between CG and SDG practices compared to developed countries and advocate the Malaysian companies to adopt better practices.

**Keywords:** Corporate governance, sustainability, financial market, performance, GLC.

## 1. Introduction

Malaysia is still young at practising corporate CG and SDG reporting for publicly listed companies. In 2015, Bursa Malaysia introduced sustainability reporting along with the Sustainable Development Goals (SDGs) developed by United Nations. Two years later, the Securities Commission revamped the Malaysian Code on Corporate Governance (MCCG) 2017 and implemented the corporate governance (CG) reporting to be published separately from the annual report. These transformative regulations improve the transparency and corporates' impact on the environment, social and governance. Nonetheless, where is the stand of Malaysian government-linked companies (GLCs)? GLCs indicate that the government owns the majority or single biggest stake and has the power to exercise or influence significant decisions. As business entities that are majority-owned by the government who has the power to exercise or influence significant decisions, GLCs have more important roles. Their CG and SDGs practices are vital in shaping not only economic but also economic development of the nation.

Previous studies (see for example, Baharudin, 2019) focus on the impact of MCCG 2017 and sustainability reporting and show that the board effectiveness has improved along with the quality of sustainability reporting. Most publicly listed companies have outlined their SDGs and are more than willing to adhere to the guides of Bursa Malaysia. On the contrary, some authors (see for example, Shamsudin, Abdullah & Osman, 2018) argue that the adoption of CG and SDGs can cause Malaysian firms to perform poorly due to higher cost of compliance and no difference in the performance level of GLCs and non-GLCs companies. Nevertheless, these studies examine the MCCG 2012 and adopt data before 2015, which are obsolete for the current Malaysian situation. The Malaysian government has included CG and SDGs as the key drivers of Shared Prosperity Vision 2030, yet previous studies overlook the importance of GLCs in implementing CG and SDGs. Most studies focus on the impact of CG and SDGs on market performance. Therefore, there is a need to validate the contradictory results, especially in the Malaysian GLCs adopting the latest MCCG and SDGs, which remains limited in academic and practical studies. Due to the nature of targeting both economic and wider social goals, GLCs would be the best subject to examine the issue. Not only that, GLCs in Malaysia are playing a significant role in the nation’s economy. They make

up 36% of market capitalization of the country's stock market and their assets represent 51% of the GDP. Five percent of the workforce of the nation come from the GLCs.

The GLCs are crucial in delivering public services to citizens. Nonetheless, most GLCs cannot realise their budget effectively and efficiently without powerful governance (Mauro, Cinquini & Pianezzi, 2021). The lack of sustainable goals can also negatively impact a nation's development in the long term (Boros & Fogarassy, 2019). Malaysia is an emerging market with limited history in regulating CG and SDG may not contain uniform normative regulations that would regulate the control of conformity in a broader sense. The government must determine whether implementing governance and SDGs of GLCs is sufficient to serve the public, as seen in developed countries.

As regards the practices of developed countries, many studies have been devoted to arguing that CG and SDGs have greatly contributed to the financial-market and company performance of UK (Adedeji, Ong, Rahman, Odukoya & Alam, 2019), US (Bull and McNeill, 2019), Canada (Warner, 2020) and Singapore (Khalid & Maidin, 2022) due to higher standards of governance and SDGs. For the Malaysian market, a few studies (see for example, Atan, Alam, Said & Zamri, 2018) have shown similar results in supporting the increasing performance. Nonetheless, previous studies on developed markets emphasise publicly listed companies instead of GLCs due to the limited total number of GLCs in developed countries. Due to their importance in Malaysia as highlighted above, GLCs practices of CG and SDGs may shed more light on this issue. The comparison to the practices done with the developed countries in this study would serve as a benchmark against which, the practices is done in Malaysian GLCs can be compared. It will shed light on the practice gaps between Malaysia and developed countries, which have a long history of implementing CG and SDGs. A comparative analysis between Malaysian companies and developed countries from the aspects of GLCs can also be established.

For practical implementation, the results of this study can assist policymakers, regulators and practitioners in enhancing the current CG and SDG practices of Malaysian GLCs. This study encourages public and non-GLC companies to adopt the best practices as it can prove the positive impact of CG and SDG in increasing the financial market and company performance. For regulation implementation, the results of this study can assist Bursa Malaysia and the Securities Commission in enhancing the framework of MCCG and sustainability reporting by adopting the best practices of developed countries.

The remaining sections of this paper are structured as follows: The second section examines related literature. The methodology and estimated models are described in Section 3. Section 4 contains the findings and analysis. Section 5 concludes with a summary, implications, limits, and suggestions for further research.

## 2. Literature Review

### *2.1 Corporate Governance and SDGs*

Studies on the corporate governance of Malaysian listed companies are not new in academic research, but the bipolar view on its contribution to firm performance is controversial. Naeem, Karim, Nor and Ismail (2022) examine the impact of corporate governance adoption and argue that firms that comply well with the code significantly contribute to the firm's capital structure. Similar evidence is documented in the studies of Al-Jaifi, Al-rassas and Al-Qadasi (2017) and Khatib and Nour (2021). On the contrary, Zabri, Ahmad and Wah (2016) investigate the top 100 listed companies in Bursa Malaysia and argue that board responsibilities and composition do not influence firms' performance. This statement is supported by the studies of Wai Kee, Yu Hock and Chee Kueng (2017) and Kamalluarifin (2016) in which they argue that governance in the Audit Committee does not improve audit quality and not all elements of governance can contribute to the financial market and company performances. Nonetheless, most studies overlook the uniqueness of GLCs, in which the government has control over them. Yussof, Ali and Ghani (2020) also argue that GLCs should act as the role model for all the listed companies as GLCs are expected to implement government policies and strengthen the economy. Similarly, Nasir, Hassan and Tijani (2020) show that GLCs should be the market leaders in order to enhance the governance framework in Malaysia. They demonstrate that GLCs transformation brings significant benefits to the society. Therefore, there is a need to examine the bipolar view in convincing the GLCs to comply with the best practices of governance and SDGs. GLCs are expected to serve the nations rather than maintain high profits. Furthermore, the limited study focuses on the GLCs, which is a gap in academic research that needs to be filled.

From previous studies, the adoption of SDGs has undoubtedly contributed to the financial market and company performances. Johari and Komathy (2019) examine the adoption of sustainability reporting of the top 100 listed companies and show that companies with higher compliance with SDGs result in a higher return on assets, return on equity, earnings per share, dividend per share and stock return. Similarly, Ifada, Indriastuti, Ibrani and Setiawanta (2021) argue that environmental disclosure, especially the higher voluntary disclosure, is positively correlated to profit margin. The adoption of SDGs is widely examined in developed countries, especially in US, UK, Canada and Singapore, as these countries have a long history of implementing CG practices. Singapore has issued the Code of Corporate Governance since 2001, similar to US (2002), UK (1992) and Canada (2003). Therefore, it would be interesting to benchmark the impact of CG and SDGs on Malaysian GLCs to listed companies in developed countries. This is because a limited number of GLCs are available in developed countries.

The impact of CG and SDGs is widely proven in developed countries. Muhmad and Muhamad (2021) examine the corporate governance practice of Singapore and argue that GLCs have higher cash flow and valuations than non-GLCs companies due to better practices

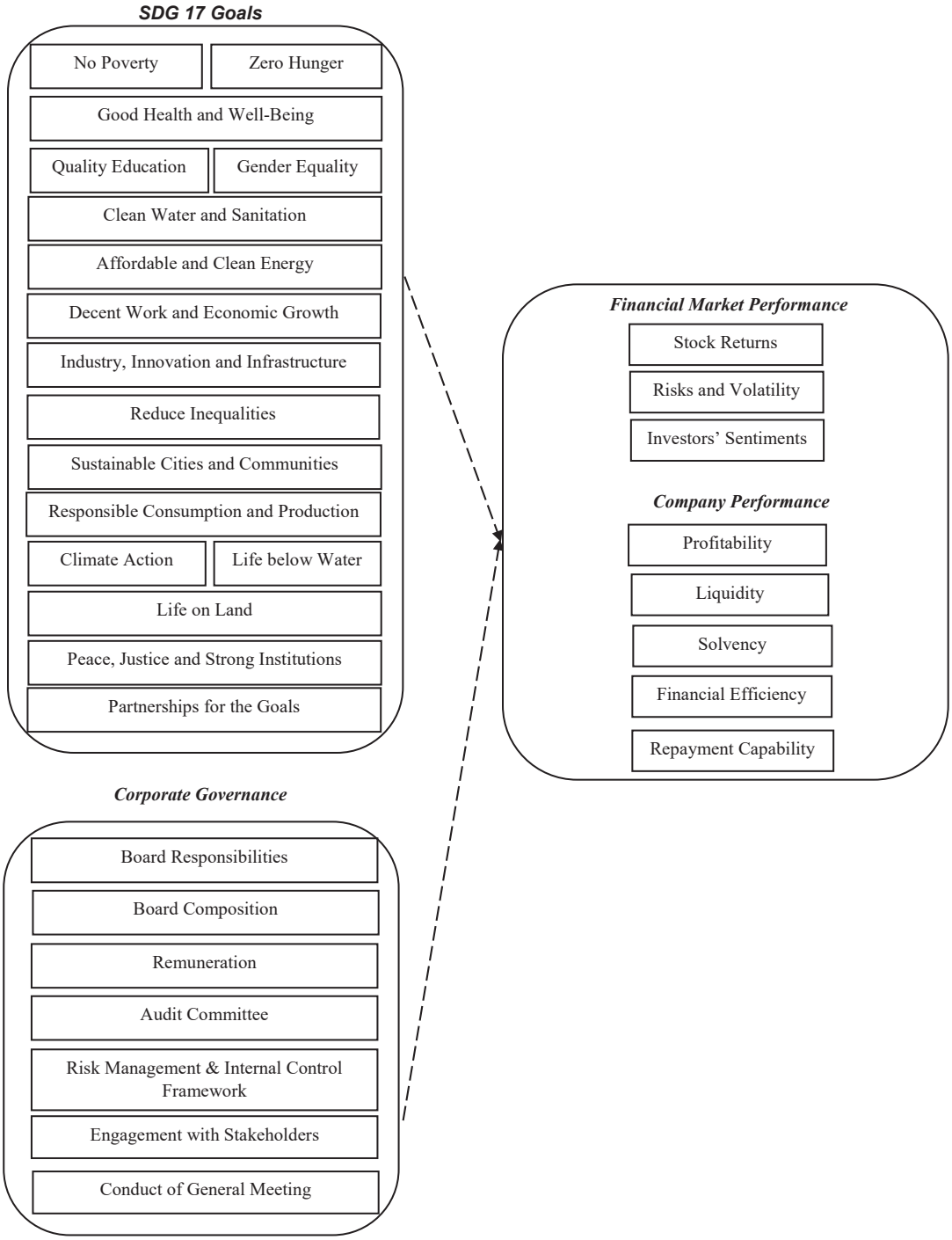
of governance and SDGs. Besides, Sarkodie, Adams and Leirvik (2020) compare UK and US firms' CG and SDG practices and show that investors value the companies' social and environmental behaviour as materials for investment decisions. This is because the investors have long-term considerations to trust the companies to behave morally to reduce their investment risk. Ghouma, Ben-Nasr and Yan (2018) argue that Canadian firms with better practices of governance and SDGs seem to reduce the cost of debt financing due to higher protection of investors' rights to reduce agency problems within firms. These studies show that the practices of governance and SDGs in developed countries can assist in improving the financial market and company performances. Nonetheless, no comparative study investigates the gaps between Malaysian GLCs and companies in developed countries.

Hence, this study examines the impact of governance and SDGs on the financial market and company performances of Malaysian GLCs, as no study has looked at it due to data limitations. This is depicted in Figure 1 below. Although the United Nations has consistently published the public governance and SDGs experience of OECD countries, the information on the comparative analysis of GLCs of different countries remains limited. In this context, this study proposes to examine the practices of Malaysian GLCs compared to those of developed countries such as the UK, US, Canada and Singapore. It allows this study to identify the best practices of other developed countries, which have the potential to be implemented in Malaysian GLCs. Based on the above discussion, this study proposes the following hypotheses and research framework:

H1: The compliance of CG and SDGs is significantly correlated to financial market and company performances of Malaysian GLCs, UK, US Canada and Singapore listed companies.

H1(a): The compliance of CG and SDG is significantly correlated to stock return, volatility, investor sentiment, profitability, liquidity, solvency, financial efficiency and repayment capability of Malaysian GLCs, UK, US Canada and Singapore listed companies.

**Figure 1: Research Framework**



## 3. Methodology

### *3.1 Data and Sampling*

This study selects 54 government-linked publicly listed companies. The total number of publicly listed companies in Bursa Malaysia (Malaysia Stock Exchange) is 927. Government-linked companies (GLCs) refer to publicly listed companies in which the government owns the majority or single biggest stake and has the power to exercise or influence significant decisions. GLCs held a more significant position than publicly listed companies in serving the nation's interests. Generally, GLCs play a vital role in serving the country, and their CG and SDG practices are critical in driving social and economic advancements. As for the corresponding developed countries, the following total number of listed companies have been selected: US (New York Stock Exchange: 1392 companies), UK (London Stock Exchange: 1215 companies), Canada (Toronto Stock Exchange: 1412 companies) and Singapore (Singapore Exchange: 429 companies). This is because developed markets have fewer GLCs than Malaysia, and it would be biased if this study benchmarked the GLCs with limited samples. Hence the decision to benchmark GLCs in Malaysia against public listed companies in the developed countries.

S&P Capital IQ Database collects information such as stock prices, volatility, investors' sentiment, trading volume and market capitalisation. The research timeframe is from 1-January-2017 to 31-December-2021. For the compliance of CG and SDGs, this study collects data from the disclosure of annual reports and corporate governance reports, which are published yearly in the stock exchange for each company.

### *3.2 Corporate Governance*

Seven types of CG components are selected, which are board responsibilities, board composition, remuneration, audit committee, risk management and internal control, engagement with stakeholders and conduct of general meeting. All CG variables are proxied by dummy variable with 1 as full compliance to 0 as partial and non-compliance based on the practices as outlined in the MCCG 2017. Table 1 summarises the description and related studies of CG components.

**Table 1: Variables of Corporate Governance**

| Variables | Description | Literature |
|---|---|---|
| Board Responsibilities | The board is accountable for long-term performances and delivering long-term value to its stakeholders. The board members govern and define the strategic direction of the companies. | Baharudin and Marimuthu (2019) |

| Variables | Description | Literature |
|---|---|---|
| Board Composition | The board consists of suitable candidates with a mix of skills, competencies, backgrounds, professional qualifications and knowledge. | Baharudin and Marimuthu (2020) |
| Remuneration | Directors' remuneration is well structured and disclosed in the annual report. | Mumu, Saona, Russell and Azad (2021) |
| Audit Committee | The Audit Committee can add the necessary openness, concentration, and independent judgement to the financial reporting process. | Abdullah and Ismail (2018) |
| Risk Management & Internal Control | Internal control and risk management framework is implemented within the company. | Nasution (2019) |
| Engagement with Stakeholders | Channels are available to provide continuous involvement and communication with stakeholders. | Hamad, Draz and Lai (2020) |
| Conduct of General Meeting | General meetings encourage and assist shareholders in exercising their ownership rights and communicating to the board and senior management. | Ariffin, Hussain and Malak (2019) |

### *3.3 Sustainable Development Goals*

Seventeen SDGs are selected based on the 2030 Agenda for Sustainable Development outlined by the United Nations. A dummy variable is used to proxy for the adoption of SDGs namely 1 as adoption and 0 as non-adoption based on the annual report and sustainability reporting disclosure. Table 2 summarises the description and related studies of 17 SDGs:

**Table 2: Variables of Sustainable Development Goals**

| Variables | Description | Literature |
|---|---|---|
| SDG 1: No Poverty | End poverty in all its forms everywhere. | Sengupta (2018) |
| SDG 2: Zero Hunger | End hunger, achieve food security and improved nutrition and promote sustainable agriculture. | Herrmann and Rundshagen, (2020) |
| SDG 3: Good Health and Well-Being | Ensure healthy lives and promote well-being for all at all ages. | Asi and Williams (2018) |
| SDG 4: Quality Education | Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. | Ferguson and Roofe (2020) |
| SDG 5: Gender Equality | Achieve gender equality and empower all women and girls. | Eden and Wagstaff (2021) |
| SDG 6: Clean Water and Sanitation | Ensure availability and sustainable management of water and sanitation for all. | Ortigara, Kay and Uhlenbrook (2018) |

| | | |
|---|---|---|
| SDG 7: Affordable and Clean Energy | Ensure access to affordable, reliable, sustainable and modern energy for all. | Salvia and Brandli (2020) |
| SDG 8: Decent Work and Economic Growth | Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. | Rai, Brown and Ruwanpura (2019) |
| SDG 9: Industry, Innovation And Infrastructure | Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation. | Kynčlová, Upadhyaya and Nice (2020) |
| SDG 10: Reduced Inequalities | Reduce inequality within and among countries. | Kuhn (2020) |
| SDG 11: Sustainable Cities and Communities | Make cities and human settlements inclusive, safe, resilient and sustainable. | Koch and Krellenberg (2018) |
| SDG 12: Responsible Consumption and Production | Ensure sustainable consumption and production patterns. | Gasper, Shah and Tankha (2019) |
| SDG 13: Climate Action | Take urgent action to combat climate change and its impacts. | Campbell, Hansen, Rioux. Stirling and Twomlow (2018) |
| SDG 14: Life Below Water | Conserve and sustainably use the oceans, seas and marine resources for sustainable development. | Virto (2018) |
| SDG 15: Life On Land | Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss. | Liu, Bai and Chen (2019) |
| SDG 16: Peace, Justice and Strong Institutions | Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels. | El Baradei (2020) |
| SDG 17: Partnerships For the Goals | Strengthen the means of implementation and revitalise the global partnership for sustainable development. | Franco and Abe (2020) |

### *3.4 Panel Data Regression*

This study employs panel data regression to examine the impact of CG and SDG on the financial market and company performances. For financial market performance, three variables are selected, which are stock-return, volatility and investors' sentiment. For company performance, profitability, liquidity, solvency, financial efficiency and repayment capacity are chosen. Panel data regression is adopted due to its capability to capture cross-sectional and time-series analyses, which is more efficient than OLS regression (Loang & Ahmad, 2021). The fixed-effect and random-effect models also allow the panel data regression to address the unobserved variables that may fall outside CG and SDG and increase explanatory power. This study establishes the following panel data regression:

**Financial Market Performance**

**Stock Return Model:**

$$SR_{i,t} = BR_{i,t} + BC_{i,t} + R_{i,t} + AC_{i,t} + RM_{i,t} + ES_{i,t} + GM_{i,t} + NP_{i,t} + ZH_{i,t} + GH_{i,t} + QE_{i,t} + GE_{i,t} + CW_{i,t} + CE_{i,t} + DW_{i,t} + III_{i,t} + RI_{i,t} + SC_{i,t} + RC_{i,t} + CA_{i,t} + LW_{i,t} + LL_{i,t} + BR_{i,t} + PJ_{i,t} + PG_{i,t} + MarCap_{i,t} + Vol_{i,t}$$

**Volatility Model:**

$$Vola_{i,t} = BR_{i,t} + BC_{i,t} + R_{i,t} + AC_{i,t} + RM_{i,t} + ES_{i,t} + GM^{i,t} + NP_{i,t} + ZH_{i,t} + GH_{i,t} + QE_{i,t} + GE_{i,t} + CW_{i,t} + CE_{i,t} + DW_{i,t} + III_{i,t} + RI_{i,t} + SC_{i,t} + RC_{i,t} + CA_{i,t} + LW_{i,t} + LL_{i,t} + BR_{i,t} + PJ_{i,t} + PG_{i,t} + MarCap_{i,t} + Vol_{i,t}$$

**Investor Sentiment Model:**

$$IS_{i,t} = BR_{i,t} + BC_{i,t} + R_{i,t} + AC_{i,t} + RM_{i,t} + ES_{i,t} + GM_{i,t} + NP_{i,t} + ZH_{i,t} + GH_{i,t} + QE_{i,t} + GE_{i,t} + CW_{i,t} + CE_{i,t} + DW_{i,t} + III_{i,t} + RI_{i,t} + SC_{i,t} + RC_{i,t} + CA_{i,t} + LW_{i,t} + LL_{i,t} + BR_{i,t} + PJ_{i,t} + PG_{i,t} + MarCap_{i,t} + Vol_{i,t}$$

**Company Performance**

**Profitability Model:**

$$Pro_{i,t} = BR_{i,t} + BC_{i,t} + R_{i,t} + AC_{i,t} + RM_{i,t} + ES_{i,t} + GM_{i,t} + NP_{i,t} + ZH_{i,t} + GH_{i,t} + QE_{i,t} + GE_{i,t} + CW_{i,t} + CE_{i,t} + DW_{i,t} + III_{i,t} + RI_{i,t} + SC_{i,t} + RC_{i,t} + CA_{i,t} + LW_{i,t} + LL_{i,t} + BR_{i,t} + PJ_{i,t} + PG_{i,t} + MarCap_{i,t} + Vol_{i,t}$$

**Liquidity Model:**

$$Liq_{i,t} = BR_{i,t} + BC_{i,t} + R_{i,t} + AC_{i,t} + RM_{i,t} + ES_{i,t} + GM_{i,t} + NP_{i,t} + ZH_{i,t} + GH_{i,t} + QE_{i,t} + GE_{i,t} + CW_{i,t} + CE_{i,t} + DW_{i,t} + III_{i,t} + RI_{i,t} + SC_{i,t} + RC_{i,t} + CA_{i,t} + LW_{i,t} + LL_{i,t} + BR_{i,t} + PJ_{i,t} + PG_{i,t} + MarCap_{i,t} + Vol_{i,t}$$

**Solvency Model:**

$$Sol_{i,t} = BR_{i,t} + BC_{i,t} + R_{i,t} + AC_{i,t} + RM_{i,t} + ES_{i,t} + GM_{i,t} + NP_{i,t} + ZH_{i,t} + GH_{i,t} + QE_{i,t} + GE_{i,t} + CW_{i,t} + CE_{i,t} + DW_{i,t} + III_{i,t} + RI_{i,t} + SC_{i,t} + RC_{i,t} + CA_{i,t} + LW_{i,t} + LL_{i,t} + BR_{i,t} + PJ_{i,t} + PG_{i,t} + MarCap_{i,t} + Vol_{i,t}$$

**Financial Efficiency Model:**

$$FE_{i,t} = BR_{i,t} + BC_{i,t} + R_{i,t} + AC_{i,t} + RM_{i,t} + ES_{i,t} + GM_{i,t} + NP_{i,t} + ZH_{i,t} + GH_{i,t} + QE_{i,t} + GE_{i,t} + CW_{i,t} + CE_{i,t} + DW_{i,t} + III_{i,t} + RI_{i,t} + SC_{i,t} + RC_{i,t} + CA_{i,t} + LW_{i,t} + LL_{i,t} + BR_{i,t} + PJ_{i,t} + PG_{i,t} + MarCap_{i,t} + Vol_{i,t}$$

**Repayment Capacity Model:**

$$RC_{i,t} = BR_{i,t} + BC_{i,t} + R_{i,t} + AC_{i,t} + RM_{i,t} + ES_{i,t} + GM_{i,t} + NP_{i,t} + ZH_{i,t} + GH_{i,t} + QE_{i,t} + GE_{i,t} + CW_{i,t} + CE_{i,t} + DW_{i,t} + III_{i,t} + RI_{i,t} + SC_{i,t} + RC_{i,t} + CA_{i,t} + LW_{i,t} + LL_{i,t} + BR_{i,t} + PJ_{i,t} + PG_{i,t} + MarCap_{i,t} + Vol_{i,t}$$

Where, $SR_{i,t}$ is the stock return of firm i at time *t,* $Vola_{i,t}$ is the three month stock price volatility of firm *i* at time *t*, $IS_{i,t}$ is the investor sentiment proxied by Bursa Malaysia market return of firm *i* at time *t*, $Pro_{i,t}$ is the profitability measured by net profit margin of firm *i* at time *t,* $Liq_{i,t}$ is the liquidity measured by current ratio of firm i at time *t*, $Sol_{i,t}$ is the solvency measured by debt-to-equity ratio of firm *i* at time *t,* $FE_{i,t}$ is the financial efficiency measured by efficiency ratio of firm *i* at time *t,* $RC_{i,t}$ is the repayment capacity measured by coverage ratio of firm *i* at time *t,* $MarCap_{i,t}$ is the market capitalisation of firm *i* at time *t* and $Vol_{i,t}$ is the trading volume of firm *i* at time *t*. The comparison between various models can provide comprehensive empirical evidence to indicate the impact of CG and SDG on the financial market and company performances.

## 4. Results and Discussion

### *4.1 Estimate the Impact of CG and SDG*

In examining the impact of CG on financial market and company performances, this study generates eight panel data regression models, which are stock return, volatility, investor sentiment, profitability, liquidity, solvency, financial efficiency and repayment capacity models. These models aim to provide comprehensive evidence to examine the outcome of the adoption of CG and SDG. Hausman test is used to determine the selection between fixed-effect and random-effect models for panel data regression. The fixed-effect model controls for the effects of time-invariant variables, while the random-effect model hypothesises that individual characteristics are not associated with the dependent variable (Loang & Ahmad, 2022). Hausman test is hypothesised as follows:

$$H0: Cov\ (\lambda i, Xit) = 0\ (No\ correlation\ between\ \lambda i\ and\ Xit - Random\ Effect)$$
$$H1: Cov\ (\lambda i, Xit) \neq 0\ (Correlation\ between\ \lambda i\ and\ Xit - Fixed\ Effect)$$

In detecting the existence of heteroscedasticity, White Test is adopted. Heteroscedasticity exists when the standard deviations of a predicted variable are non-constant when measured across changing values of an independent variable across periods. White Test examines if the values of the independent variable in the regression affect the variance of regression errors. In this context, heteroscedasticity occurs when the p-value of heteroscedasticity is less than 0.05. The results in Table 4 indicate that volatility and investor sentiment models are fixed-effect models, while stock return, profitability, liquidity and solvency models are random-effect models. No evidence of heteroscedasticity is detected in all models.

Table 4 summarises the results of the impact of CG and SDG on the financial market and company performances. The result shows that the volatility and investor sentiment models are appropriate for employing a fixed-effect model with Hausman p-values less than 5% significant level. On the other hand, stock return, profitability, liquidity, solvency, financial efficiency and repayment capacity models adopt a random-effect model with Hausman p-values more than 0.05.

Table 4 (a) outlines the results of stock return and volatility models, while table 4 (b) shows the results of investor sentiment and profitability models. The stock return model shows that Malaysia and Singapore have similar CG (audit committee) variables, and SDG (SDG 8: decent work and economic growth; SDG 11: sustainable cities and communities; SDG 13: climate action) are positively significant to stock return. It indicates that the GLCs, which adopt the CG practice in audit committee and SDG 8, 11 and 13 can result in better stock return. Nonetheless, the developed countries such as UK, US and Canada have presented different results in showing that board responsibilities, remuneration, engagement with stakeholders for CG variables and SDG 4: quality education, SDG 10: reduce inequality also can result in higher stock return.

The volatility and investor sentiment models show that remuneration is the only variable that significantly affects volatility and investor sentiment in trading for all countries. This is because directors' remuneration significantly reduces the retained earnings of listed companies to be distributed as dividends. Besides, the profitability model shows that risk management and internal control and SG 11: sustainable cities and communities are found to be significant to the profitability of GLCs in Malaysia at the significant level of 1%, 5% and 10%. The result implies that GLCs with better internal control and risk management framework can yield more profit than those non-compliant companies. Nevertheless, the result of UK, US, Canada and Singapore show that other variables such as board responsibilities and SDG 17: partnership for goals also can affect the profitability of publicly listed companies.

The result of this study is consistent with El-Bassiouny and El-Bassiouny (2018) in which they argue that Egypt, as a developing country, has less sophisticated CG and SDG practices than developed countries such as Germany and US. Hence, the impact of CG and SDG practices is more pronounced in developed countries. One of the possible reasons is the higher level of market efficiency in developed countries compared to developing countries (Mertzanis, Basuony & Mohamed, 2019). In accordance with the Efficient Market Hypothesis, efficient markets shall reflect all public and private available information in the financial markets. In this context, the developing countries, which are assumed to be less efficient, are slow to reflect the impact of CG and SDG on stock return, volatility and investor sentiment. This argument can be validated by Malaysia's short history of implementing CG and SDG practices than the developed countries. Furthermore, the finding indicates that greater adoption of CG and SDG good practices can lead to higher profitability for GLCs and listed companies. This result is advocated by the finding of Khaled, Ali and Mohamed (2021) in which they argue that profitable and larger size companies tend to exhibit greater social responsibilities and internal controls. One possible explanation is that good CG and SDG practices can lead to sophisticated risk management and internal controls that mitigate business risks, which result in higher profit.

Table 4(c) demonstrates the results of liquidity and solvency models. The empirical evidence suggests that the audit committee significantly impacts the liquidity and solvency of GLCs in Malaysia. Other than the audit committee, engagement with stakeholders and conduct of general meeting are also significantly correlated to the liquidity and solvency of the

publicly listed companies in the US, UK, Canada and Singapore. Surprisingly, the adoption of SDG has no impact on liquidity and solvency. Table 4(d) summarises the results of financial efficiency and repayment models. The result shows that audit committee, risk management, and internal control are the CG variables that are significant to financial efficiency and repayment in Malaysian GLCs. All variables of SDG are insignificant. Apart from that, the developed countries show that other variables such as remuneration and SDG 17: partnerships for the goals are significant to financial efficiency and repayment in publicly listed companies.

The result of this study indicates that the liquidity, solvency, financial efficiency and repayment capability of Malaysian GLCs are significantly affected by CG adoption. No evidence of SDGs is found to impact the dependent variables in Malaysia, in contrast to the findings for the UK, US, Canada and Singapore. This finding is consistent with the study of Martínez Martín-Cervantes and del Mar Miralles-Quirós (2022) in which they show that the impact of SDG is stronger in developed countries than in developing countries. One potential reason is that SDG adoption in developing countries is not as widely accepted as in developed countries. This is because compliance with SDG is expensive for every listed company. The comparison between the incurred costs and benefits of SDG adoption cannot be quantified in the financial statement, which is a detriment to shareholders. Hence, the impact of SDG on the listed company in developing countries is not as pronounced as in developed countries.

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**Table 4(a): Impact of CG and SDG on Stock Return and Volatility Models**

| | Stock Return | | | | | Volatility | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Variables** | **Malaysia** | **UK** | **US** | **Canada** | **Singapore** | **Malaysia** | **UK** | **US** | **Canada** | **Singapore** |
| **Model** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Fixed-Effect** | **Fixed-Effect** | **Fixed-Effect** | **Fixed-Effect** | **Fixed-Effect** |
| Constant | -0.046 | -0.084 | -0.073 | 0.013 | 0.004 | -0.860 | -0.076 | -0.619 | 0.014 | 0.513 |
| **Corporate Governance** | | | | | | | | | | |
| Board Responsibilities | -0.146 | -0.857* | -0.174* | -0.383 | -0.249 | 0.623 | 0.056 | 0.016 | 0.051 | 0.134 |
| Board Composition | 0.121 | 0.530 | 0.181 | 0.931 | 0.123 | 0.546 | 0.573 | 0.762 | 0.583 | 0.681 |
| Remuneration | 0.060 | 0.027* | 0.133** | 0.134* | 0.561 | 0.355 | 0.401 | 0.181 | 0.573 | 0.006 |
| Audit Committee | 0.179*** | 0.001 | 0.083 | 0.013 | 0.153** | 0.374** | 0.941** | 0.781* | 0.542** | 0.687*** |
| Risk Management & Internal Control | -0.111 | -0.438 | -0.130 | -0.351 | -0.152 | 0.191 | 0.174 | 0.752 | 0.147 | 0.074 |
| Engagement with Stakeholders | 0.027 | 0.062** | 0.025* | 0.152** | 0.482 | 0.510 | 0.006 | 0.064 | 0.148 | 0.681 |
| Conduct of General Meeting | 0.046 | 0.014 | 0.103 | 0.241 | 0.425 | -0.439 | -0.072 | -0.586 | -0.056 | -0.153 |
| **Sustainable Development Goals** | | | | | | | | | | |
| SDG 1: No Poverty | 0.048 | 0.169 | 0.001 | 0.048 | 0.468 | 0.004 | 0.048 | 0.164 | 0.012 | 0.041 |
| SDG 2: Zero Hunger | 0.029 | 0.017 | 0.008 | 0.018 | 0.049 | 0.008 | 0.018 | 0.019 | 0.004 | 0.139 |
| SDG 3: Good Health and Well-Being | 0.038 | 0.122 | 0.001 | 0.048 | 0.411 | -0.004 | -0.048 | -0.122 | -0.001 | -0.014 |
| SDG 4: Quality Education | 0.102 | 0.085*** | 0.002*** | 0.401*** | 0.085 | 0.001 | 0.401 | 0.045 | 0.022 | 0.102 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| SDG 5: Gender Equality | 0.032 | 0.018 | 0.002 | 0.041 | 0.048 | -0.001 | -0.041 | -0.014 | -0.022 | -0.012 |
| SDG 6: Clean Water and Sanitation | 0.028 | 0.159 | 0.001 | 0.018 | 0.458 | 0.004 | 0.018 | 0.154 | 0.023 | 0.024 |
| SDG 7: Affordable and Clean Energy | 0.001 | 0.077 | 0.003 | 0.004 | 0.099 | -0.013 | -0.004 | -0.099 | -0.213 | -0.001 |
| SDG 8: Decent Work and Economic Growth | 0.005* | 0.064 | 0.001 | 0.005 | 0.037* | -0.013 | -0.005 | -0.253 | -0.001 | -0.005 |
| SDG 9: Industry, Innovation and Infrastructure | 0.032 | 0.092 | 0.003 | 0.071 | 0.081 | 0.014 | 0.071 | 0.042 | 0.022 | 0.012 |
| SDG 10: Reduce Inequalities | 0.079 | 0.002** | 0.004* | 0.098** | 0.001 | -0.007 | -0.098 | -0.001 | -0.021 | -0.094 |
| SDG 11: Sustainable Cities and Communities | 0.050** | 0.053 | 0.001 | 0.005 | 0.057* | -0.007 | -0.025 | -0.051 | -0.104 | -0.05 |
| SDG 12: Responsible Consumption and Production | 0.090 | 0.020 | 0.009 | 0.018 | 0.01 | -0.008 | -0.018 | -0.101 | -0.043 | -0.04 |
| SDG 13: Climate Action | 0.030*** | 0.160 | 0.001 | 0.007 | 0.73* | 0.007 | 0.07 | 0.16 | 0.014 | 0.01 |
| SDG 14: Life below Water | 0.011 | 0.202 | 0.001 | 0.077 | 0.101 | 0.007 | 0.012 | 0.101 | 0.011 | 0.011 |
| SDG 15: Life on Land | -0.002 | -0.106 | -0.002 | -0.001 | -0.703 | -0.001 | -0.001 | -0.106 | -0.025 | -0.001 |
| SDG 16: Peace, Justice and Strong Institutions | -0.015 | -0.010 | -0.001 | -0.045 | -0.04 | -0.004 | -0.045 | -0.012 | -0.001 | -0.015 |

| | Stock Return | | | | | Volatility | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Variables** | **Malaysia** | **UK** | **US** | **Canada** | **Singapore** | **Malaysia** | **UK** | **US** | **Canada** | **Singapore** |
| **Model** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Fixed-Effect** | **Fixed-Effect** | **Fixed-Effect** | **Fixed-Effect** | **Fixed-Effect** |
| SDG 17: Partnerships for the goals | 0.036 | -0.048 | -0.005 | 0.046 | -0.048 | -0.005 | 0.046 | -0.014 | -0.005 | 0.016 |
| **Control Variables** | | | | | | | | | | |
| Market Capitalisation | 0.000* | 0.001* | 0.013 | 0.001* | 0.002 | 0.003* | 0.051 | 0.000 | 0.001* | 0.081 |
| Volume | 0.838* | 0.143 | 0.582 | 0.274 | 0.868 | -0.960* | -0.174 | -0.001 | -0.374* | -0.183 |
| **Specification** | | | | | | | | | | |
| R-squared | 0.597 | 0.572 | 0.482 | 0.567 | 0.624 | 0.396 | 0.364 | 0.484 | 0.366 | 0.444 |
| Hausman Test | 0.793 | 0.284 | 0.672 | 0.284 | 0.843 | 0.005 | 0.014 | 0.048 | 0.023 | 0.009 |
| White Test | 0.862 | 0.582 | 0.186 | 0.374 | 0.205 | 0.864 | 0.384 | 0.186 | 0.364 | 0.403 |

Note: ***, ** and * represent significant at 1, 5 and 10 per cent.

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**Table 4(b): Impact of CG and SDG on Investor Sentiment and Profitability Models**

| | Investor Sentiment | | | | | Profitability | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Variables** | **Malaysia** | **UK** | **US** | **Canada** | **Singapore** | **Malaysia** | **UK** | **US** | **Canada** | **Singapore** |
| **Model** | **Fixed-Effect** | **Fixed-Effect** | **Fixed-Effect** | **Fixed-Effect** | **Fixed-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** |
| Constant | -0.000 | 0.081 | 0.005 | 0.014 | 0.005 | 0.083 | 0.011 | 0.009 | 0.014 | 0.009 |
| **Corporate Governance** | | | | | | | | | | |
| Board Responsibilities | 0.006 | 0.003 | 0.001 | 0.000 | 0.005 | 0.008 | 0.003** | 0.001* | 0.000* | 0.009** |
| Board Composition | -0.003 | -0.014 | -0.153 | -0.163 | -0.064 | -0.003 | -0.014 | -0.193 | -0.183 | -0.084 |
| Remuneration | 0.002* | 0.000** | 0.001* | 0.004** | 0.153*** | 0.002 | 0.000 | 0.001 | 0.004 | 0.193 |
| Audit Committee | 0.001 | 0.005 | 0.002 | 0.145 | 0.051 | 0.001 | 0.009 | 0.002 | 0.149 | 0.091 |
| Risk Management & Internal Control | -0.001 | -0.062 | -0.153 | -0.524 | -0.253 | 0.001** | 0.082* | 0.193** | 0.924* | 0.293*** |
| Engagement with Stakeholders | -0.001 | -0.002 | -0.005 | -0.004 | -0.004 | -0.001 | -0.002 | -0.009 | -0.004 | -0.004 |
| Conduct of General Meeting | 0.002 | 0.005 | 0.004 | 0.001 | 0.000 | 0.002 | 0.009 | 0.004 | 0.001 | 0.000 |
| **Sustainable Development Goals** | | | | | | | | | | |
| SDG 1: No Poverty | 0.338 | 0.369 | 0.003 | 0.338 | 0.668 | 0.004 | 0.048 | 0.164 | 0.012 | 0.041 |
| SDG 2: Zero Hunger | 0.029 | 0.039 | 0.008 | 0.038 | 0.339 | 0.008 | 0.038 | 0.038 | 0.002 | 0.139 |
| SDG 3: Good Health and Well-Being | -0.038 | -0.322 | -0.003 | -0.338 | -0.633 | -0.004 | -0.028 | -0.322 | -0.003 | -0.014 |

| | Investor Sentiment | | | | | Profitability | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Variables** | **Malaysia** | **UK** | **US** | **Canada** | **Singapore** | **Malaysia** | **UK** | **US** | **Canada** | **Singapore** |
| **Model** | **Fixed-Effect** | **Fixed-Effect** | **Fixed-Effect** | **Fixed-Effect** | **Fixed-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** |
| SDG 4: Quality Education | 0.302 | 0.088 | 0.002 | 0.603 | 0.088 | 0.001 | 0.403 | 0.025 | 0.011 | 0.101 |
| SDG 5: Gender Equality | -0.032 | -0.038 | -0.002 | -0.333 | -0.338 | -0.001 | -0.023 | -0.034 | -0.011 | -0.011 |
| SDG 6: Clean Water and Sanitation | 0.028 | 0.389 | 0.003 | 0.038 | 0.688 | 0.004 | 0.038 | 0.354 | 0.013 | 0.014 |
| SDG 7: Affordable and Clean Energy | -0.003 | -0.099 | -0.001 | -0.033 | -0.099 | -0.013 | -0.002 | -0.038 | -0.133 | -0.001 |
| SDG 8: Decent Work and Economic Growth | -0.005 | -0.064 | -0.001 | -0.005 | -0.039 | -0.013 | -0.005 | -0.253 | -0.003 | -0.005 |
| SDG 9: Industry, Innovation and Infrastructure | 0.032 | 0.092 | 0.001 | 0.091 | 0.081 | 0.014 | 0.073 | 0.022 | 0.031 | 0.041 |
| SDG 10: Reduce Inequalities | -0.099 | -0.002 | -0.011 | -0.098 | -0.003 | -0.007 | -0.038 | -0.003 | -0.013 | -0.094 |
| SDG 11: Sustainable Cities and Communities | -0.07 | -0.073 | -0.003 | -0.07 | -0.079 | 0.007** | 0.087** | 0.073* | 0.302** | 0.07** |
| SDG 12: Responsible Consumption and Production | -0.09 | -0.02 | -0.009 | -0.08 | -0.03 | -0.008 | -0.08 | -0.03 | -0.33 | -0.09 |
| SDG 13: Climate Action | 0.003 | 0.016 | 0.003 | 0.009 | 0.093 | 0.007 | 0.07 | 0.016 | 0.029 | 0.002 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| SDG 14: Life below Water | 0.031 | 0.202 | 0.023 | 0.099 | 0.103 | 0.007 | 0.022 | 0.102 | 0.021 | 0.021 |
| SDG 15: Life on Land | -0.002 | -0.103 | -0.002 | -0.002 | -0.902 | -0.002 | -0.002 | -0.103 | -0.027 | -0.002 |
| SDG 16: Peace, Justice and Strong Institutions | -0.027 | -0.02 | -0.002 | -0.127 | -0.12 | -0.004 | -0.047 | -0.012 | -0.001 | -0.017 |
| SDG 17: Partnership for the goals | 0.023 | -0.128 | -0.007 | 0.123 | -0.128 | -0.007 | 0.043** | -0.014** | -0.007** | 0.013** |
| **Control Variables** | | | | | | | | | | |
| Market Capitalisation | 0.000* | 0.000 | 0.000 | 0.000* | 0.000* | 0.009 | 0.002 | 0.004 | 0.006** | 0.000** |
| Volume | 0.005* | 0.014 | 0.005*** | 0.005 | 0.002 | 0.131* | 0.014 | 0.005 | 0.009 | 0.002 |
| **Specification** | | | | | | | | | | |
| R-squared | 0.384 | 0.525 | 0.593 | 0.493 | 0.385 | 0.314 | 0.629 | 0.623 | 0.423 | 0.519 |
| Hausman Test | 0.013 | 0.038 | 0.002 | 0.000 | 0.029 | 0.213 | 0.912 | 0.932 | 0.839 | 0.982 |
| White Test | 0.742 | 0.572 | 0.878 | 0.682 | 0.782 | 0.342 | 0.932 | 0.131 | 0.812 | 0.312 |

Note: ***, ** and * represent significant at 1, 5 and 10 per cent.

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**Table 4(c): Impact of CG and SDG on Liquidity and Solvency Models**

| | Liquidity | | | | | Solvency | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Variables** | **Malaysia** | **UK** | **US** | **Canada** | **Singapore** | **Malaysia** | **UK** | **US** | **Canada** | **Singapore** |
| **Model** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** |
| Constant | 0.000 | 0.051 | 0.007 | 0.013 | 0.007 | 0.153 | 0.205 | 0.011 | 0.043 | 0.003 |
| **Corporate Governance** | | | | | | | | | | |
| Board Responsibilities | 0.003 | 0.003 | 0.001 | 0.000 | 0.007 | 0.005 | 0.003 | 0.001 | 0.000 | 0.001 |
| Board Composition | 0.003 | 0.013 | 0.173 | 0.133 | 0.033 | 0.003 | 0.013 | 0.113 | 0.153 | 0.053 |
| Remuneration | 0.005 | 0.000 | 0.001 | 0.003 | 0.173 | 0.005 | 0.025 | 0.001 | 0.003 | 0.113 |
| Audit Committee | 0.001* | 0.007** | 0.005* | 0.137* | 0.071** | 0.001** | 0.001** | 0.005* | 0.131* | 0.011*** |
| Risk Management & Internal Control | 0.001 | 0.035 | 0.173 | 0.753 | 0.573 | 0.001 | 0.055 | 0.113 | 0.153 | 0.513 |
| Engagement with Stakeholders | 0.001 | 0.005* | 0.007** | 0.003* | 0.003* | 0.001 | 0.005** | 0.001* | 0.003* | 0.003* |
| Conduct of General Meeting | 0.005 | 0.007* | 0.003* | 0.001* | 0.000** | 0.005 | 0.001* | 0.003** | 0.001* | 0.000* |
| **Sustainable Development Goals** | | | | | | | | | | |
| SDG 1: No Poverty | 0.118 | 0.169 | 0.001 | 0.115 | 0.665 | 0.004 | 0.045 | 0.164 | 0.012 | 0.041 |
| SDG 2: Zero Hunger | 0.029 | 0.019 | 0.008 | 0.015 | 0.339 | 0.005 | 0.035 | 0.035 | 0.002 | 0.139 |
| SDG 3: Good Health and Well-Being | -0.018 | -0.122 | -0.001 | -0.115 | -0.633 | -0.004 | -0.025 | -0.222 | -0.002 | -0.056 |
| SDG 4: Quality Education | 0.102 | 0.088 | 0.002 | 0.601 | 0.055 | 0.001 | 0.402 | 0.022 | 0.011 | 0.505 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| SDG 5: Gender Equality | -0.012 | -0.018 | -0.002 | -0.111 | -0.335 | -0.001 | -0.022 | -0.024 | -0.011 | -0.055 |
| SDG 6: Clean Water and Sanitation | 0.028 | 0.189 | 0.001 | 0.015 | 0.655 | 0.004 | 0.025 | 0.625 | 0.012 | 0.056 |
| SDG 7: Affordable and Clean Energy | -0.001 | -0.099 | -0.001 | -0.011 | -0.099 | -0.013 | -0.002 | -0.025 | -0.122 | -0.005 |
| SDG 8: Decent Work and Economic Growth | -0.005 | -0.064 | -0.001 | -0.005 | -0.039 | -0.013 | -0.002 | -0.252 | -0.002 | -0.005 |
| SDG 9: Industry, Innovation and Infrastructure | 0.012 | 0.092 | 0.007 | 0.097 | 0.087 | 0.014 | 0.072 | 0.022 | 0.011 | 0.055 |
| SDG 10: Reduce Inequalities | -0.099 | -0.002 | -0.077 | -0.098 | -0.003 | -0.007 | -0.028 | -0.043 | -0.012 | -0.096 |
| SDG 11: Sustainable Cities and Communities | -0.007 | -0.071 | -0.007 | -0.07 | -0.079 | -0.007 | -0.07 | -0.072 | -0.202 | -0.017 |
| SDG 12: Responsible Consumption and Production | -0.019 | -0.02 | -0.009 | -0.08 | -0.03 | -0.008 | -0.078 | -0.032 | -0.622 | -0.029 |
| SDG 13: Climate Action | 0.01 | 0.16 | 0.007 | 0.019 | 0.093 | 0.007 | 0.037 | 0.106 | 0.029 | 0.002 |
| SDG 14: Life below Water | 0.031 | 0.202 | 0.083 | 0.088 | 0.703 | 0.006 | 0.044 | 0.102 | 0.021 | 0.021 |
| SDG 15: Life on Land | -0.002 | -0.103 | -0.008 | -0.008 | -0.804 | -0.004 | -0.004 | -0.103 | -0.026 | -0.002 |

| | Liquidity | | | | | Solvency | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Variables** | **Malaysia** | **UK** | **US** | **Canada** | **Singapore** | **Malaysia** | **UK** | **US** | **Canada** | **Singapore** |
| **Model** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** |
| SDG 16: Peace, Justice and Strong Institutions | -0.026 | -0.02 | -0.008 | -0.786 | -0.74 | -0.004 | -0.046 | -0.012 | -0.001 | -0.016 |
| SDG 17: Partnership for the goals | 0.023 | -0.128 | -0.006 | 0.783 | -0.788 | -0.006 | 0.043 | -0.014 | -0.006 | 0.013 |
| **Control Variables** | | | | | | | | | | |
| Market Capitalisation | 0.005 | 0.013 | 0.025** | 0.036** | 0.071 | 0.001* | 0.005* | 0.003 | 0.003 | 0. 001 |
| Volume | 0.535* | 0.313 | 0.131* | 0.007 | 0.005 | 0.131 | 0.003** | 0.109*** | 0.001* | 0.005 |
| **Specification** | | | | | | | | | | |
| R-squared | 0.353 | 0.457 | 0.413 | 0.313 | 0.357 | 0.313 | 0.551 | 0.553 | 0.353 | 0.411 |
| Hausman Test | 0.553 | 0.741 | 0.735 | 0.337 | 0.735 | 0.562 | 0.175 | 0.185 | 0.631 | 0.155 |
| White Test | 0.335 | 0.774 | 0.135 | 0.355 | 0.355 | 0.335 | 0.135 | 0.331 | 0.515 | 0.315 |

Note: ***, ** and * represent significant at 1, 5 and 10 per cent.

**Table 4(d): Impact of CG and SDG on Financial Efficiency and Repayment Models**

| | Financial Efficiency | | | | | Repayment | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Variables** | **Malaysia** | **UK** | **US** | **Canada** | **Singapore** | **Malaysia** | **UK** | **US** | **Canada** | **Singapore** |
| **Model** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** |
| Constant | 0.000 | 0.081 | 0.006 | 0.017 | 0.006 | 0.087 | 0.011 | 0.001 | 0.017 | 0.001 |
| **Corporate Governance** | | | | | | | | | | |
| Board Responsibilities | 0.009 | 0.009 | 0.001 | 0.053 | 0.006 | 0.008 | 0.009 | 0.001 | 0.000 | 0.001 |
| Board Composition | 0.009 | 0.019 | 0.169 | 0.199 | 0.099 | 0.009 | 0.019 | 0.119 | 0.189 | 0.089 |
| Remuneration | 0.008 | 0.000* | 0.001* | 0.024* | 0.169** | 0.008 | 0.000* | 0.001* | 0.024** | 0.119** |
| Audit Committee | 0.046** | 0.006** | 0.008* | 0.196** | 0.034* | 0.046** | 0.053* | 0.008* | 0.191** | 0.011*** |
| Risk Management & Internal Control | 0.063*** | 0.098* | 0.169* | 0.249** | 0.869* | 0.063*** | 0.088* | 0.119* | 0.152* | 0.819* |
| Engagement with Stakeholders | 0.002 | 0.008 | 0.012 | 0.036 | 0.009 | 0.265 | 0.008 | 0.001 | 0.009 | 0.009 |
| Conduct of General Meeting | 0.024 | 0.015 | 0.024 | 0.013 | 0.064 | 0.008 | 0.143 | 0.005 | 0.149 | 0.063 |
| **Sustainable Development Goals** | | | | | | | | | | |
| SDG 1: No Poverty | 0.11 | 0.169 | 0.001 | 0.114 | 0.665 | 0.004 | 0.045 | 0.164 | 0.012 | 0.041 |
| SDG 2: Zero Hunger | 0.009 | 0.019 | 0.000 | 0.014 | 0.337 | 0.005 | 0.035 | 0.025 | 0.002 | 0.139 |
| SDG 3: Good Health and Well-Being | -0.01 | -0.1 | -0.001 | -0.114 | -0.633 | -0.004 | -0.025 | -0.222 | -0.002 | -0.056 |
| SDG 4: Quality Education | 0.133 | 0.003 | 0.002 | 0.601 | 0.055 | 0.002 | 0.402 | 0.022 | 0.011 | 0.505 |

| | Financial Efficiency | | | | | Repayment | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Variables** | **Malaysia** | **UK** | **US** | **Canada** | **Singapore** | **Malaysia** | **UK** | **US** | **Canada** | **Singapore** |
| **Model** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** | **Random-Effect** |
| SDG 5: Gender Equality | -0.01 | -0.01 | 0.013 | -0.111 | -0.335 | -0.002 | -0.022 | -0.024 | -0.011 | -0.055 |
| SDG 6: Clean Water and Sanitation | 0.022 | 0.129 | 0.001 | 0.014 | 0.655 | 0.004 | 0.025 | 0.925 | 0.012 | 0.056 |
| SDG 7: Affordable and Clean Energy | -0.001 | -0.163 | -0.001 | -0.011 | -0.077 | -0.023 | -0.002 | -0.025 | -0.022 | -0.005 |
| SDG 8: Decent Work and Economic Growth | -0.004 | -0.064 | -0.001 | -0.004 | -0.037 | -0.023 | -0.002 | -0.252 | -0.002 | -0.005 |
| SDG 9: Industry, Innovation and Infrastructure | 0.012 | 0.092 | 0.003 | 0.073 | 0.088 | 0.074 | 0.082 | 0.022 | 0.023 | 0.055 |
| SDG 10: Reduce Inequalities | -0.099 | -0.002 | -0.033 | -0.072 | -0.003 | -0.008 | -0.028 | -0.047 | -0.002 | -0.096 |
| SDG 11: Sustainable Cities and Communities | -0.03 | -0.031 | -0.003 | -0.03 | -0.089 | -0.008 | -0.08 | -0.072 | -0.202 | -0.070 |
| SDG 12: Responsible Consumption and Production | -0.09 | -0.02 | -0.009 | -0.02 | -0.03 | -0.008 | -0.08 | -0.023 | -0.225 | -0.004 |
| SDG 13: Climate Action | 0.137 | 0.76 | 0.007 | 0.091 | 0.093 | 0.007 | 0.07 | 0.09 | 0.024 | 0.002 |
| SDG 14: Life below Water | 0.037 | 0.202 | 0.083 | 0.088 | 0.703 | 0.006 | 0.044 | 0.002 | 0.102 | 0.021 |

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| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| SDG 15: Life on Land | -0.002 | -0.703 | -0.008 | -0.008 | -0.804 | -0.004 | -0.004 | -0.003 | -0.066 | -0.006 |
| SDG 16: Peace, Justice and Strong Institutions | -0.026 | -0.06 | -0.008 | -0.586 | -0.54 | 0.004 | 0.046* | 0.006* | 0.103** | 0.016** |
| SDG 17: Partnership for the goals | 0.023 | -0.768 | -0.006 | 0.583 | -0.588 | -0.006 | 0.043 | -0.014 | -0.006 | 0.013 |
| **Control Variables** | | | | | | | | | | |
| Market Capitalisation | 0.010 | 0.012 | 0.028 | 0.046* | 0.001** | 0.001 | 0.008 | 0.007 | 0.007** | 0.001*** |
| Volume | 0.848*** | 0.412 | 0.141 | 0.006 | 0.008 | 0.171 | 0.717 | 0.171 | 0.001 | 0.008* |
| **Specification** | | | | | | | | | | |
| R-squared | 0.481 | 0.686 | 0.614 | 0.414 | 0.572 | 0.672 | 0.481 | 0.587 | 0.587 | 0.552 |
| Hausman Test | 0.884 | 0.688 | 0.642 | 0.516 | 0.648 | 0.864 | 0.148 | 0.178 | 0.824 | 0.483 |
| White Test | 0.418 | 0.648 | 0.868 | 0.488 | 0.424 | 0.778 | 0.538 | 0.171 | 0.824 | 0.734 |

Note: ***, ** and * represent significant at 1, 5 and 10 per cent.

The empirical evidence of this study suggests that not all variables of CG and SDGs are significantly correlated to the financial market and company performance. Board composition as a crucial CG variable to emphasise the appointment of at least 30% women directors does not significantly impact the financial market and company performance. It indicates that the capability of directors in managing companies is unrelated to gender. SDG practices such as SDG 1: no poverty, SDG 2: zero hunger, SDG 3: good health and well-being, SDG 6: clean water and sanitation, SDG 7: affordable and clean energy, SDG 9: industry, innovation and infrastructure, SDG 12: responsible consumption and production, SDG 14: life below water and SDG 15: life on land are considered insignificant to assist companies to improve their financial performances.

## 5. Conclusion

This study examines the impact of CG and SDG practices on the financial market and company performances in Malaysia as a developing country compared to developed countries such as US, UK, Canada and Singapore. The research timeframe is from 2017 to 2021. For CG practices, seven variables, namely board responsibilities, board composition, remuneration, audit committee, risk management and internal control, engagement with stakeholders and conduct of general meeting are selected based on the MCCG. The seventeen SDG goals are chosen based on the guidelines of the United Nations. For methodology, this study adopts panel data regression – fixed-effect and random-effect models to examine the impact of CG and SDG adoption to control the unobserved variables. Eight panel data models, which are stock return, volatility, investor sentiment, profitability, liquidity, solvency, financial efficiency and repayment capacity models are selected.

For the stock return model, the result implies that the audit committee, SDG 8: decent work and economic growth, SDG 11: sustainable cities and communities and SDG 13: climate action are significant to better stock return. Besides the variables, board responsibilities, remuneration, engagement with stakeholders, SDG 4: quality education and SDG 10: reduce inequality can also affect the stock return in developed countries such as the UK, US and Canada. For volatility and investor sentiment models, remuneration is the only variable that is found to be significantly correlated for all countries. The profitability model shows that risk management and internal control and SDG 11: sustainable cities and communities can assist Malaysian GLCs in gaining more profit. Nonetheless, board responsibilities and SDG 17: partnerships for the goals contribute to the profitability of listed companies in developed countries. The result of this study is consistent with El-Bassiouny and El-Bassiouny (2018) as developed countries have more sophisticated CG and SDG practices than Malaysia. Developed countries also have a higher level of market efficiency to reflect the impact of CG and SDG practices in the financial market. Hence, the impact of CG and SDGs is more pronounced in developed countries.

The audit committee is the only CG variable significantly correlated to the liquidity and solvency of GLCs in Malaysia. In developed countries, engagement with stakeholders and

conduct of general meeting are also found to be significant. Nevertheless, SDG is insignificant to the liquidity and solvency of the companies. Furthermore, audit committee, risk management and internal control, remuneration and SDG 16: partnership for goals are significant to financial efficiency and repayment capability. Board composition, which emphasises the 30% women directors, is insignificant to financial market and company performance. SDG 1, 2, 3, 6, 7, 9, 12, 14 and 15 are insignificant in all models. The result is consistent with Martínez Martín-Cervantes and del Mar Miralles-Quirós (2022), which show that the impact of CG and SDGs is stronger in developed countries than in developing countries. This is because compliance costs are high, and the advantages of adopting CG and SDG practices are difficult to quantity. Therefore, developing countries are not inclined to adopt the best CG and SDG practices.

For practical implementation, the results of this study aid policymakers, regulators and practitioners in enhancing the current CG and SDG practices of Malaysian GLCs. This is because the gaps between the practices of Malaysian GLCs and developed countries have been highlighted in this study. Moreover, this study encourages public and non-GLCs companies to adopt the best practices as it can prove the positive impact of CG and SDGs in increasing the financial market and company performance. For regulation implementation, the results of this study can assist the Bursa Malaysia and Securities Commission in enhancing the framework of MCCG and sustainability reporting by adopting the best practices of developed countries. The results of this study can also serve as supplementary material to the Corporate Governance Guide and Sustainability Reporting Guide to assist publicly listed companies in adhering to comprehensive practices that can benefit society.

One of the limitations of this study is the lack of data to examine the different behaviours of local and foreign investors in trading the companies with and without the compliance of CG and SDG practices. For recommendation, future studies are encouraged to examine the impact of women directors on the financial market and company performance. Additionally, a further study should be conducted to examine the impact of CG and SDG separately on financial market and company performance.

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