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Corporate Governance Mechanisms with Firm Performance: A Study on Malaysia's and Hong Kong's Real Estate Investment Trust (REITs) Public Listed Companies

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Abstract

Corporate governance (CG) mechanisms might have a significant effect on firm performance (FP). The purpose of this study was to evaluate if CG mechanisms impact the FP among Malaysia's REITs (M-REITs) and Hong Kong's REITs (H-REITs). The effect of CG's variable on FP can be analyzed by using Panel data analysis. Return on Assets (ROA), Return on Equity (ROE) and Tobin's Q were employed to measure the FP. Data were collected from the annual report available on Bursa Malaysia and the Stock Exchange of Hong Kong Limited for 2010 until 2019. The finding suggests that H-REITs were more significantly affected by CG mechanisms as compared to M-REITs.

Keywords: *Corporate Governance ; Real Estate Investment Trust (REITs), Panel data analysis*

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INTRODUCTION

According to Talukdar, Soyeh and Parhizgari (2021), REITs (Real Estate Investment Trusts) own, operate, and commerce income-producing real estate across a variety of equity segments such as healthcare, residential, retail, and office. REITs can also act as a trust fund whereby the appointed investment institutions will generate and distribute investment income to investors by pooling investors' fund through stock issuance or income certificate, which usually be done by appointed and specialized finance institutions (Liu, Cheng, Yang, Yan, & Lai, 2019). Therefore, REITs are real estate companies that own a range of property sectors that trade on major stock exchanges while providing benefits to the investors (Schrand, Freybote, & Schaefers, 2021). After the rescue of the global financial trouble that happened back in year 2008/2009, Asian REITs have shown a humongous growth and eventually contributed a significant amount of change among the Asian economy through domestic and international investors (Chong, Ting, & Cheng, 2017). The performance of Asian REITs would differ from others because it was externally managed instead of internally managed.

According to Khan (2011), Corporate Governance (CG) is how organizations and corporations are being directed to act, administer and control their operations under the processes, customs, policies, laws and institutions. It can also be used to govern and control business operations to increase the transparency of the management. The CG structure emphasized the allocation of responsibilities and rights among the Board of directors (BODs) and shareholders (Mansur & Tangl, 2018). CG can allow the goals, missions, or visions of an organization to be achieved simultaneously, managing relationships among. A well-performed CG enables a firm to improve its FP and secure its properties by engaging capital and potential

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investors. It can further monitor the firm's management by acting as an internal governance mechanism (Ghabayen, 2012).

For the past decades, the global financial crisis has further proven and highlighted the importance of promoting good CG practices among firms. Since then, many research types have been showed to examine the effect of CG on REITs' performance. CG plays a vital role in Asian REITs. Due to this, many Asian countries have enthusiastic significant amounts of CG attempt into their country's REITs to enable capital inflows that help their real estate industries (Ramachandran, Chen, Subramanian, Yeoh, & Khong, 2018). Also, according to Ooi, Newell, and Sing (2006), they stated that Asian REITs required better governance and greater transparency that help to achieve better future development; therefore, many real estate investors started to pay attention to the practice of CG performed by Asian REITs (Lecomte & Ooi, 2012). According to Nicholson and Stevens (2021), it highlighted that since Asian REITs are mostly externally managed, it somehow presents credit risk where the abuse of power and control might happen among the external managers, so they were able to extract value from the REITs. Thus, it is crucial to evaluate the impact of CG mechanisms on FP among Asian REITs.

Development of Malaysia REITs

In the early 2000s, M-REITs was known as listed property trusts (LPT). According to Newell and Osmadi (2009), the antecedent country to introduce the perception of real estate or property trust to be listed in the stock exchange was Malaysia. However, the poor regulatory and local structural circumstance, for instance, unattractive properties and lack of tax incentives were the main cause for the decline in the growth of LPTs (Choo, Hussain, Muhammad, & Chan, 2021). By the end of 2004, only three LPTs managed to survive in Malaysia (Wong, 2015). In 2005, a reconstructed Guidelines on REITs (RG) was introduced by the Securities Commission of Malaysia (SC) (Wong, 2015). After submitting RG, the first M-REIT (Axis REIT) was recognized (Wong, 2015). In the year 2006, Malaysia has also established the world's first largest stapled Islamic REITs (Al-Aqar KPJ REIT) and at the same time, the world's first Islamic RG was also created by SC which is specifically tailored for Islamic REITs (Wong, 2015). Until the year 2020, 18 REITs registered in the Bursa Malaysia stock market (Bursa Malaysia, 2020).

Table 1. List of M-REITs.

1.	Amanah Harta Tanah PNB	9.	Hektar REIT	18.	YTL Hospitality REIT
2.	Al-`Aqar Healthcare REIT	10.	IGB REIT		
3.	Al-Salam REIT	11.	KIP REIT		
4.	AmFirst REIT	13.	MRCB-Quill REIT		
5.	Amanahraya REIT	14.	Pavilion REIT		
6.	Atrium REIT	15.	Sunway REIT		
7.	Axis REIT	16.	Tower REIT		
8.	Capitaland Malaysia Mall Trust	17.	UOA REIT		

Development of Hong Kong REITs

HK-REITs were established during the same year as M-REITs. Its first HK-REITs, Link REITs, was established in November 2005. However, due to Link REIT's property portfolio composition's legal challenges, the establishment was delayed (Wong, 2016). In August 2003, REIT code was issued by the Hong Kong Securities and Futures Commission (HKSFC) that was then updated in 2005 and 2007 to regulate HK-REITs' operation. According to The Stock Exchange of Hong Kong Limited (HKEX) (2017), the

purpose of Hong Kong REITs is to provide periodic income to investors through focused investment via income-generating properties in Hong Kong and overseas, and are mainly regulated and authorized by the SFC. After that, they will be governed by the SFC's Code with related listing regulations imposed by HKEX. Until the year 2020, there is a total of 11 listed REITs in Hong Kong.

Table 2. List of H-REITs.

1.	Link REIT	7.	Hui Xian REIT
2.	Fortune REIT	8.	CMC REIT
3.	Champion REIT	9.	Regal REIT
4.	Yue Xiu REIT	10.	Spring REIT
5.	Sunlight REIT	11.	New Cent REIT
6.	Prosperity REIT		

HYPOTHESIS DEVELOPMENT

A conceptual framework was developed as Fig. 1 according to the research objectives. This framework was being used to evaluate how CG mechanisms affect the FP among M-REITs and H-REITs.

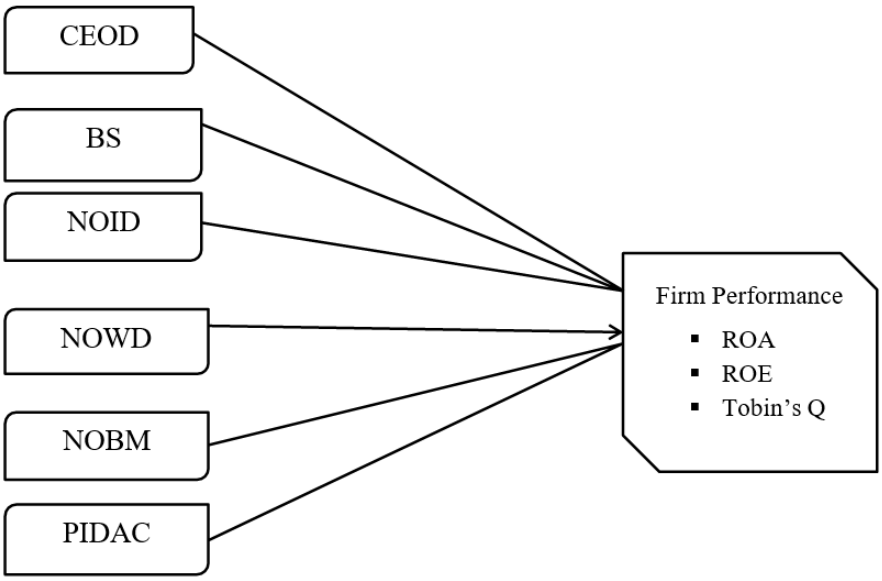

Fig. 1. Proposed Theoretical Framework.

Relationship between CEO Duality and Firm Performance

When the Chairman of the Board and the Chief Executive Director (CEO) was holds by the same individual, this situation was known as CEO duality (CEOD). According to Wu (2021), CEOD can increase decision-making effectiveness by creating command unity. This ability to help the management and BODs have better communication simultaneously enhanced the stability of a firm. However, the CEO might make a highly biased decision and this duality could also lead to monopolization that causes the Board powerless to regulate and monitor the behaviour of the CEO forcefully (Wu, 2021). This weakened the FP, and board members might lack confidence in decision-making (Khan, Jabri, & Saif, 2019). As stated in MCCG 2017, Paragraph 1.3, listed companies should prevent the chairman and CEO's combination from promoting

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authority and encouraging the separating of accountabilities (MCCG, 2017). And according to HKEX (2017), it stated that there must be a clear and compelling division of accountability and responsibility between the Chairman and the CEO where each individual plays a different role but at the same time complementing with each other to ensure the equality of authority and power and no individual has freedom of control power and decision. A previous study by Ghazali (2010) mentioned that there is no significant effect between CEOD and a company's profitability (Ghazali, 2010). However, there were some inconsistent results where a study by Hussin and Othman (2012) have concluded that firms with independent chairman have a significant effect on the FP. According to Norazian & Radiah (2012), CEO duality was found to affect performance in terms of ROA only significantly. In light of the past researches, the hypotheses that formed were:

H1A: CEOD has a significant relationship with FP (ROA).
H1B: CEOD has a significant relationship with FP (Tobin's Q).
H1C: CEOD has a significant relationship with FP (ROE).

Relationship between Number of Independent Directors on Board and Firm Performance

According to Gurusamy (2017), board independence act as an essential tool in enhancing FP. The term "independent" referred to a director independent of management and free from conflicts of interest (Souther, 2021). Furthermore, Bansal and Singh (2021) stated that the Board's independence played an essential role in CG as it will make better and unbiased decisions when its Board is independent. Pitcher, Chreim and Kisfalvi (2000) suggested that independent directors were supposed to be more autonomous than dependent directors because of they can encounter the CEO with fewer suspect of gave up their positions. Firms with their Board as independent tend to face lesser financial pressure (Waheed & Malik, 2021). Bebchuk and Weisbach (2010) showed that a board with more independent directors increased the board independence and has positively affected the FP. Moreover, some studies have also reported a direct association between higher NOID and better FP (Ameer, Ramli, & Zakaria, 2010). These positive relationships indicated that independent directors could energetically supervise the behaviour of managers. On the contrary, it was argued by Bhagat and Black (2002) that no evidence could support higher board independence could increase the FP. It was then supported by the study of Brown and Caylor (2004), where they found that higher NOID does not necessarily perform better. In light of the past researches, the hypotheses that formed were:

H2A: NOID has a significant relationship with FP (ROA).
H2B: NOID has a significant relationship with FP (Tobin's Q).
H2C: NOID has a significant relationship with FP (ROE).

Relationship between Board Size and Firm Performance

One of the significant board characteristics that used to examine the corporate performance was a Board size (BS). According to Kanakriyah (2021), the FP will be raised in a high complexity board with a larger BS; however, the FP will be declined in a low complexity board with a larger BS. According to Chbib and Page (2020), to guarantee the effectiveness of the FP, the optimal BS shall form by at least 7 to 8 BS and the maximum BS is 10. Plus, larger BS will bring more opportunities and resources, enhancing a firm's finances (Rashid, 2020). This confirms the resource enrichment theory (Rashid, 2020). According to a study by Badu and Appiah (2017), they mentioned a positively significant relationship between BS and FP. Hence, their findings supported the agency theory, which stated that large BS improved FP. Weterings and Swagerman (2012) found that there was a positive significant relationship between BS and FP among

Asian REITs. However, according to Malik and Makhdoom (2016) research, they found out that there is a negatively relationship between BS and FP. In their research, they found that large BS could lead to a decrease in FP. Therefore, Malik and Makhdoom (2016) recommended that emerging firms should control the BS within an optimal size, this is because the larger BS will decline the cohesiveness and agreement while board members are making resolutions. In light of the past researches, the hypotheses that formed were:

H3A: BS has a significant relationship with FP (ROA).
H3B: BS has a significant relationship with FP (Tobin's Q).
H3C: BS has a significant relationship with FP (ROE).

Relationship between Number of Women Directors and Firm Performance

Gender diversity on the Board has become a popular topic of CG lately (Brahma, Nwafor, & Boateng, 2020). According to Song, Yoon and Kang (2020), women directors also share distinct values, norms, and understanding besides having valuable skills and knowledge. This shows that the participation of women directors can enhance decision-making quality. Zhang (2020) believed that a company with more women directors would have better oversight of management reports, thus improving a firm's earnings performance. Saeed, Mukarram and Belghitar (2021) concluded that women directors on Board could improve a firm's reputation as they can act as linkage to create a better connection with the stakeholders. According to MCCG 2017, the increase in board diversity will lead to greater depth and breadth, which the Board can offer compared to non-diverse boards. Therefore, it stated that large companies are required to have 30% women directors on Board. According to Herli, Tjahjadi and Hafidhah (2021), they have concluded a significant positive relationship between NOWD and FP. Another research by Conyon and He (2017) has also proven that having women on Board led to a better understanding as women have a better quantitative impact on a firm's profitability. However, according to Adams and Ferriera (2009), they concluded that NOWD do not have a significant correlation with the firm's financial performance. Their research showed that an immoderate level of NOWD varied board monitoring might cause to decline in FP. Another research by Farell and Hersch (2005) has stated that more women on the boards leave no significant impact on FP. In light of the past researches, the hypotheses that formed were:

H4A: NOWD has a significant relationship with FP (ROA).
H4B: NOWD has a significant relationship with FP (Tobin's Q).
H4C: NOWD has a significant relationship with FP (ROE).

Relationship between Numbers of Board Meeting and Firm Performance

According to (Ji, Talavera, & Yin, 2020), BM was also known as the most easily practised Board activity and it was mandatory in public companies to enhance the Board's effectiveness. In other words, the Board can practice its supervisory role through BM (Puni & Anlesinya, 2020). Besides, BM had a significant impact on FP because of strategic guidance about investment chances (Wang, Abbasi, & Babajide, 2020). Ullah and Kamal (2020) proposed that BM can use to identify the effectiveness of the Board's accountability and roles. According to HKEX (2020), the Board should meet twice quarterly with an additional meeting if or when it is required. During the BM, the director members could freely voice their alternative views during the meetings, and major decisions would only be made after going through long and careful consideration or discussion. According to a study conducted by Khaleel, Siti and Abidin (2016), the survey's findings show that BM is positively significant impact on FP. They suggest that through meetings, operational issues could be determined while engaging and discussing with other board

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members. BM can also allow board members to obtain continuous reports and make timely strategic decisions about the organization (Ganguli & Deb, 2021). However, according to Bhatt and Bhattacharya (2015), there is no significant relationship between the boards meeting with FP, but attendance at the board meeting was significantly associated to better FP. In light of the past researches, the hypotheses that formed were:

H5A: BM has a significant relationship with FP (ROA).
H5B: BM has a significant relationship with FP (Tobin's Q).
H5C: BM has a significant relationship with FP (ROE).

Relationship between Proportion of Independent Directors in the Audit Committee and Firm Performance

According to Norziaton and Hafizah (2019), a competent audit committee is where its composition should be independent of the company's management. This is because a firm with more IDAC can sustain its integrity as the members of the audit committee will not hold any personal interests in the firm and all the decision-making will be based on the best interests of shareholders (Nor, Nawawi, & Salin, 2018). This is very important to Asian REITs as most Asian REITs were externally managed, integrity and truthfulness are essential elements for international and domestic investors when it comes to decision making. FP can be improved and shareholder's wealth can be maximized through IDAC because of the more the IDAC, the better the supervising functions (Astami & Rusmin, 2020). According to the study done by Hassan, Caren and Jeremiah (2019), they showed that IDAC were positively significant with ROA and ROE of the 55 insurance firms in Kenya. Dakhlallh, Rashid and Abdullah (2021) found that the supportive and significant connection between IDAC and Tobin's Q results with the agency theory and resource dependency theory. However, (Almoneef & Samontaray, 2019) indicated that IDAC did not affect ROA and Tobin's Q in the Saudi Banking industry. According to Koutoupis and Bekiaris (2019), IDAC negatively affected ROA, which means the higher the IDAC, the lower the FP. Hence, it was needed to identify the relationship between IDAC and FP. In light of the past researches, the hypotheses that formed were:

H6A: IDAC has a significant relationship with FP (ROA).
H6B: IDAC has a significant relationship with FP (Tobin's Q).
H6C: IDAC has a significant relationship with FP (ROE).

Measurement of Firm Performance

Return on Assets (ROA), Return on Equity (ROE) and Tobin's Q were used to measure the FP in this study. According to Samiloglu, Oztop & Kahraman (2017), ROA indicates how a BOD utilizes its assets or resources to generate earning and achieve its management's overall effectiveness. According to Zabri, Ahmad and Wah (2016), the ROE formula is profit before interest expense divided by total shareholders' equity for a particular financial period. Heenetigala and Aemstrong (2011) mentioned that the company's level of efficiency to make earnings from each $1 of shareholders' equity. In 1967, James Tobin has developed a market-based measure, known as Tobin's Q (Ishaq & Ghouse, 2021). It was referred to as the company's total market value sum with liabilities divided by total book value. Tobin's Q able to reflect a firm's current and prospective performance by showing a continuous measure of the importance of a corporate (Dakhallh, Rashid, Abdullah, & Shehab, 2020).

RESEARCH METHOD

This research anticipated evaluating how CG mechanisms affect FP among M-REITs and H-REITs during the ten years from 2010 to 2019. All the data involved in this research were gathered from the annual reports and Bloomberg. The total sample size was 19 REITs, which included 12 M-REITs and 7 H-REITs. All of these REITs were the public listed companies in Malaysia and Hong Kong. Panel data analysis was used to determining the effect of CG mechanisms (CEOD, IDOB, BS, NOWD, BM, and IDAC) on FP (ROA, ROE and Tobin's Q). The equation of dependent variables for panel data analysis was as follow:

$$ROA_{i,t} = \beta_0 + \beta_1 CEOD_{i,t} + \beta_2 IDOB_{i,t} + \beta_3 BS_{i,t} + \beta_4 NOWD_{i,t} + \beta_5 BM_{i,t} + \beta_6 IDAC_{i,t} + \varepsilon_{i,t} \quad (1)$$

$$ROE_{i,t} = \beta_0 + \beta_1 CEOD_{i,t} + \beta_2 IDOB_{i,t} + \beta_3 BS_{i,t} + \beta_4 NOWD_{i,t} + \beta_5 BM_{i,t} + \beta_6 IDAC_{i,t} + \varepsilon_{i,t} \quad (2)$$

$$TQ_{i,t} = \beta_0 + \beta_1 CEOD_{i,t} + \beta_2 IDOB_{i,t} + \beta_3 BS_{i,t} + \beta_4 NOWD_{i,t} + \beta_5 BM_{i,t} + \beta_6 IDAC_{i,t} + \varepsilon_{i,t}$$

β_0=Intercept for the regression model
β_1,β_2,β_3,β_4,β_(5,) β_6,β_7,β_8,β_9,β_10,β_11 =Partial regression coefficients
i=Observation number in a cross-sectional data set
t=Observation number in a time-series data set
ε=Error terms of the regression model

Table 3. Dependent, independent and control variables constructed showing the formula used for each of the constructs

Dependent Variable	Formula	Sources
ROA	$\frac{\text{Net Income}}{\text{Total Asset}}$	Farhat (2014) Azeez (2015) Johl et al., (2015) Chong et al., (2016)
ROE	$\frac{\text{Net Income}}{\text{Total Equity}}$	Heenetigala (2011) Oguz et al., (2016) Chong et al., (2018)
Tobin's Q	$\frac{\text{Total Market Value of Company} + \text{Liabilities}}{\text{Total Assets Value} + \text{Liabilities}}$	Kao et al., (2004) Singh et al., (2018)

Independent Variable	Formula	Sources
CEOD	0= No CEO Duality; 1= CEO Duality	Ali (2016) Mohamaddi et al., (2010)
BS	Total number of directors	Chugh et al., (2011) Hidayatet al., (2012) Oguz et al., (2016)
IDOB	Number of independent directors	Goh et al. (2014) Ali (2016)
NOWD	Number of female directors on Board	Ruigrok et al., (2007), Srindhi et al., (2011) Luckerath-Rovers (2013)
BM	Total numbers of Board Meetings	Ji et al., (2020) Puni et al.,2020

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IDAC	$\frac{\text{Number of Independent Directors}}{\text{Total Members in Audit Committee}}$ x 100%	Norziaton et al., (2019) Salin et al., (2018) Astami et al., (2020). Khudair et al., (2019)

FINDINGS AND DISCUSSION

Table 4. Hypothesis Testing Summary of ROA Results.

	ROA	
	M- REITs	**H-REITs**
	(10 years study)	**(10 years study)**
(Constant)	0.8356	0.0659
CEOD	0.4062	0.3046
BS	**0.0312** (+)**	**0.0778* (+)**
IDOB	0.2255	0.3424
NOBM	0.2865	0.1687
NOWD	0.5582	0.1650
IDAC	**0.0114** (-)**	**0.0286** (+)**

**. Correlation is significant at the 0.05 level.
*. Correlation is significant at the 0.1 level.

Table 5. Hypothesis Testing Summary of ROE Results.

	ROE	
	M- REITs	**H-REITs**
	(10 years study)	**(10 years study)**
(Constant)	0.6961	0.1648
CEOD	0.1525	0.2834
BS	**0.0139** (+)**	0.1815
IDOB	0.2723	0.8423
NOBM	0.9483	0.3979
NOWD	0.9946	0.1712
IDAC	**0.0423** (-)**	**0.0286** (+)**

**. Correlation is significant at the 0.05 level.

Table 6. Hypothesis Testing Summary of EPS Results.

	Tobin's Q	
	M- REITs	**H-REITs**
	(10 years study)	**(10 years study)**
(Constant)	0.0000	0.9075
CEOD	0.1325	0.1511
BS	**0.0000*** (+)**	**0.0002*** (+)**
IDOB	**0.0214** (-)**	**0.0914* (+)**
NOBM	0.4220	**0.0385** (+)**
NOWD	0.3309	**0.0590* (-)**
IDAC	0.1749	**0.0027*** (+)**

***. Correlation is significant at the 0.01 level.
**. Correlation is significant at the 0.05 level.
*. Correlation is significant at the 0.1 level.

Hypothesis 1

In Malaysia, the outcomes from panel data rejected H1A, H1B and H1C. Nonetheless, in Hong Kong, all the outcomes from panel data also do not support H1A, H1B and H1C. Hence, it could be decided that CEOD does not have a negatively significant relationship with FP (ROE, ROA and Tobin's Q). The finding was constant with earlier studies, for instance Ghazali (2010). In conclusion, CEOD has no significant relationship with the FP of both HK-REITs and M-REITs.

Hypothesis 2

In Malaysia, the outcomes from panel data accepted H2A, H2B and H2C. Consequently, it could be summarized that BS has a significant relationship with FP. In Hong Kong, the outcomes from panel data rejected H2A and H2B. Nevertheless, the outcome from panel data accepted H2C. Thus, it could be decided that BS has a significant relationship with FP (Tobin's Q). The finding was constant with earlier studies, for instance Gurusamy (2017). In conclusion, BS has a significant relationship with the FP of both M-REITs and HK-REITs.

Hypothesis 3

In Malaysia, the outcomes from panel data rejected H3A and H3B. However, the output from panel data accepted H3C. Therefore, it could be confirmed that NOID has a positively significant relationship with FP (Tobin's Q). This finding is constant with the earlier study (Bedchuk & Weisbach, 2010). In Hong Kong, the results from panel data rejected H3A, H2B and H3C. Thus, it could be confirmed that BS has no significant relationship with FP. In conclusion, NOID has a significant relationship with M-REITs' FP, while there is no significant relationship between IDOB with the FP of HK-REITs.

Hypothesis 4

In Malaysia, the outcomes from panel data rejected H4A, H4B and H4C. Thus, it could be decided that NOBM has no significant relationship with FP. This outcome is dependable with the previous research conducted by Bhatt and Bhattacharya (2015) where they stated that the board meeting was not found to have any relationship with FP, but attendance at the board meeting was significantly related to better understanding. In Hong Kong, the outcomes from panel data rejected H4A and H4B. Nevertheless, the impact from panel data accepted H4C. Thus, it could be confirmed that NOBM has a significant relationship with FP (Tobin's Q). This finding is consistent with the previous study by Khaleel, Siti, & Shamharir (2016). In conclusion, NOBM has a significant relationship with HK-REITs' FP, while there is no significant relationship between NOBM and M-REITs' FP.

Hypothesis 5

In Malaysia, the outcomes from panel data rejected H4A, H4B and H4C. Thus, it could be decided that NOBM has no significant relationship with FP. The finding is dependable with the previous study conducted by Farell et al., (2005) and Adams et al., (2009). In Hong Kong, the outcomes from panel data rejected H5A and H5B However, the result from panel data accepted H5C. Therefore, it could be summarized that NOWD has a significant relationship with FP (Tobin's Q). The finding is similar with the previous study carried up by Conyon & He (2017). In summary, NOWD has a significant relationship with HK-REITs' FP, while there is no significant relationship between NOWD with the FP of M-REITs.

Hypothesis 6

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In Malaysia, the outcomes from panel data accepted H6A and H6B. Nevertheless, the result from panel data accepted H6C. Thus, it could be decided that IDAC has a significant relationship with FP (ROA and ROE). In Hong Kong, the outcomes from panel data accepted H6A, H6B and H6C. Consequently, it could be summarized that IDAC has a significant relationship with FP.

In short, IDAC has a significant impact on FP of both HK-REITs and M-REITs. This outcome is also similar with previous researches by Hassan et al., (2019) and Dakhlallh et al., (2020). Hassan's research showed that the IDAC of the 55 insurance firms in Kenya was positively significant with ROA and ROE, while Dakhlallh's study found a supportive and significant connection between IDAC and Tobin's Q. The outcomes were consistent with the agency theory and resource dependency theory.

CONCLUSION & RECOMMENDATION

The objective of this study was to evaluate if CG mechanisms impact FP among M-REITs and H-REITs. In short, half of the variables were suggested not significant with the M-REITs' FP. Referring to the findings, only BS (ROA, ROE, Tobin's Q), IDOB (Tobin's Q) and IDAC (ROA and ROE) was found to be significant with FP. Meanwhile, for H- REITs, most of the CG mechanisms were found to be significant to their firm's performance. Except for CEOD and IDOB.

According to the panel data analysis findings, it can be summarized that CG mechanisms have a significant relationship to H-REITs rather than M-REITs. This might be due to the cultural difference between these two countries that affect how the management's behavior manages the companies.

Apart from that, this research identified several restrictions that may have affected the research findings. Thus, several recommendations were suggested so that future research papers would be able to cope with this research's limitations to help improve the results of the related research field. For instance, future studies can include other FP measurements such as price-to-earnings ratio, net asset value, or market-to-book ratio as they could better describe the firms' performance. Besides, future researchers might further expand on the research scope of the Asian REITs rather than focusing on the US and European REITs. Even though US and European REITs are mostly more established than Asian REITs, the significant growth of Asian REITs has started to attract international investors' eyes. Hence, it is crucial to do more research on Asian REITs regarding how the CG mechanisms affect their FP to narrow the research gap and provide a better understanding of how Asian REITs incorporate CG mechanisms into their firm. The recommendation includes encouraging future researchers to apply quantitative and qualitative analysis to their future studies. The researchers can survey the Board of directors in different firms, such as giving our questionnaire or doing interviews. Sometimes the comments from the Board are more realistic than results that are just generated from data.

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