AFTERMATH & CHANGES OF CORPORATE GOVERNANCE THROUGHOUT COVID 19 - A STUDY

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Abstract

This study's objective is to assess the impact that COVID-19 has had on the characteristics of corporate governance and the connection between business performance and those characteristics. The sample for this study consisted of 188 non-financial companies that were sourced from the Indian market over the years 2019-2020. Despite the fact that the COVID-19 pandemic has had an impact on all aspects of a company, including its performance, governance structure, dividend, liquidity, and debt level, we discovered that the difference between the pre-pandemic and the post-pandemic period is not statistically significant. In addition, the analysis found that the size of the board of directors has a considerable and favourable influence on the success of the company. However, after dividing the sample according to the year, we discovered that the size of the board does not matter in the uncertain time of the current crisis. On the other hand, board diversity appeared to be significantly enhancing firm performance in the crisis time compared to the previous year, where it has an inverse association with firm performance in both indicators. It revealed that board meetings and audit committee meetings had a considerable detrimental affect on the performance of the company both before and after the implementation of COVID-19. In addition to making a contribution to the existing body of research, this study offers the very first empirical data about the influence of the Coronavirus on the connection between company performance and corporate governance.

Keywords-:*Aftermath, Corporate, Governance, Covid 19.*

1. INTRODUCTION

The economy of the world is a patient of the corona. A pandemic has been proclaimed by the World Health Organisation (WHO) due to the widespread spread of the Corona virus disease (COVID-19) outbreak, which has afflicted a number of nations. On a more precise level, the World Health Organisation (WHO) defines a pandemic as "the worldwide spread of a new disease." As a result of the widespread nature of the disease and its severity, the World Health Organisation (WHO) officially designated the COVID-19 outbreak as a pandemic on March 11, 2020. In the same way that the Ebola, Zika, and severe acute respiratory syndrome (SARS) viruses have diminished in recent years, it is feasible that the threat posed by the Corona virus could eventually diminish on its own. On the other hand, even if it does, the next disastrous epidemic, which has not yet been identified, is not so much a question of "if" as it is of "when." Companies are facing a variety of challenges as a result of the significant impact of the steps that are being implemented all over the world to limit the spread of the Coronavirus COVID-19. The Indian government has issued an order dated 24.03.2020 under Section 10(2)(l) of the Disaster Management Act, directing the Ministries and Departments of the Government of India, State/Union Territory Governments, and State/Union Territory Authorities to take effective measures for ensuring social distancing in order to prevent the spread of COVID-19 throughout the country. This order was issued in compliance with an order issued by the National Disaster Management Authority (NDMA), which is chaired by the Honourable Prime Minister Shri Narendra Modi. The order was issued in accordance with the order issued by the National Disaster Management Authority (NDMA), which was chaired by the Honourable Prime Minister Shri Narendra Modi. The lockdown was declared for a period of 21 days, beginning on 25.03.2020.

In spite of the fact that we are now concentrating our efforts in India on protecting the public from potential health risks and on offering assistance, particularly to those who are economically disadvantaged, we must also retain a long-term perspective in order to ensure the well-being of the economy, the profitability of enterprises, and the livelihoods of individuals. There is a number of measures that are relevant to preserving the excellent corporate governance of organisations, and the Indian Governments and Regulators have established legislation that introduces these policies. As soon as these steps were implemented, they went into effect. The term "corporate governance" refers to the complex web of interactions that exist between the management of a corporation, its board of directors, its shareholders, and any other stakeholders. Furthermore, corporate governance serves as the framework that enables the establishment of the company's goals, as well as the determination of the means by which those goals may be achieved and the monitoring of performance. In his groundbreaking study, he warned that while the worldwide COVID-19 health disaster develops, the economic repercussions is also increasing. This would result in logistical obstacles as well as alterations in timing and strategy, but more crucially, it would also present possibilities for investors who are intelligent.

The expansion of the global economy has slowed down, firms have begun to refrain from providing services to their clients, and millions of people are officially jobless or have been terminated from their jobs. What happened to "stakeholder capitalism," the enlightened economic model that many businesses adopted just a few short months ago? This begs the issue. In light of what we are witnessing right now, how can it be reconciled? In addition, risk management is a component of corporate governance; hence, one of the most important professional responsibilities of management is to make certain that risks are not diversified or disseminated in a manner that is detrimental to the organisation. It is the responsibility of boards of directors to oversee the governance of their respective organisations. It is the responsibility of the governing board to make certain that the management provides services that are pleasing to the various stakeholders. It has been suggested that there need to be a system of carrying out services that serve to increase the relationship between institutions and the stakeholders of such institutions via the use of efficient communication. It is backed by his study, in which he explained that it is the responsibility of the board to assure a higher level of performance and accountability by engaging in actions that encourage good governance. This is a statement that is supported by his research. Therefore, political and administrative changes in a variety of nations have the potential to directly influence what is to be referred to as good governance, particularly in countries that are still in economic development. In such institutions, adhering to governance standards brings about simplicity and a decrease in risk. This is accomplished with the assistance of standard procedures, stakeholders, and the government providing support. Governance of corporations refers to the framework that organisations are required to adhere to and how they are managed. A system of checks and balances, both internal and external to the organisation, is put in place to ensure that workers are able to carry out their responsibilities effectively and are accountable to all of the relevant stakeholders.

They are also responsible for ensuring that businesses carry out their responsibilities in a manner that is socially responsible, and this applies to all aspects of their commercial activity. In light of the fact that we are aware of the fact that openness, disclosure, responsibility, and integrity are at the core of corporate governance. One of the most essential factors in recruiting investors is the implementation of sound corporate governance practices. Investors are prepared to pay a premium of up to 25 percent for a company that is effectively governed. According to Todorovic (2013), the application of corporate governance standards has the potential to provide the protection of investments. These policies include disclosure, the protection of shareholders' rights, and equal treatment of shareholders. It has been found through study that good CG leads to a rise in valuation, an increase in greater profit, an increase in sales growth, and a reduction in sales growth.

It is a task that has never been seen before for business executives all around the world to manage their companies while a pandemic is going on. When it comes to corporate governance, the limits that have been placed by several countries all over the world in order to deal with the COVID-19 pandemic might be considered significant obstacles. The purpose of this exploratory research is to investigate a variety of practical challenges and risks that corporations confront, as well as the ramifications of these concerns and novel relief methods in connection to corporate governance during the COVID-19 epidemic. However, the amount of these challenges and the influence they have will naturally vary depending on the type and scale of a business. However, the strategy that is adopted with regard to these concerns may be particularly important for the specific firm to flourish or at the very least survive this new reality.

2. LITERATURE REVIEW

Koutoupis et al. (2021). During the pandemic of the Coronavirus disease 2019 (COVID-19), the goal of this study is to conduct a literature review on corporate governance (CG), environmental, social, and governance (ESG) concerns, and corporate social responsibility (CSR). Additionally, this study will address three research questions: What are the distinguishing features of the research that has been done on CG and COVID-19? In the period of

COVID-19, what are the themes that are prevalent in computer graphics? in addition, what are the most important areas of study that will be conducted in the future on CG and COVID-19?The authors made an effort to conduct a comprehensive literature evaluation of 62 papers that were published in the year 2020. Four criteria were utilised by the authors in order to identify features of the literature on COVID-19 and CG. Additionally, three criteria were utilised in order to identify major themes that were present in the literature that addressed CG and the pandemic. For the purpose of directing future research, the authors analysed the responses to the research questions and ideas that were presented in the studies that were examined.

Zattoni et al. (2021). There has never been a better time to advance study on how different corporate governance structures influence the decision-making, survival, and profitability of businesses than there is now, thanks to the epidemic caused by the COVID-19 virus. In the near run, studies on corporate governance might identify which mechanisms that were in place prior to the pandemic (such as ownership structure, board characteristics, and CEO remuneration) will impact corporate actions, which will in turn affect the survival of enterprises in the time following the epidemic. In the long run, the crisis will cause fundamental changes in governance structures, which will enable businesses to either prevent the occurrence of potentially comparable catastrophes or respond to them when they do occur after they have already occurred. Within the context of this article, we will initially talk about the particular characteristics of the most recent crisis in comparison to other crises that have occurred in recent times. After that, we will conduct an analysis of the impact that Covid-19 has had on five important aspects of corporate governance, namely the corporate purpose, ownership structure, board of directors, executive compensation, and accountability. For each of these aspects, we will propose a set of research questions that contribute to the reorientation and advancement of the domain.

Patel et al. (2020). During the COVID-19 outbreak, the purpose of this research is to investigate a variety of practical challenges and risks that corporations are confronted with, as well as the ramifications of these concerns and the new relief measures that have been developed in connection to Corporate Governance in India. On the other hand, the type and scale of a company will naturally determine the degree to which they reach and the influence they have.The purpose of exploratory research is to analyse and investigate the practical challenges and consequences that corporations in India encountered with relation to corporate governance procedures during the COVID-19 epidemic.The COVID-19 Pandemic has not only had an influence on human beings, but it has also had a substantial impact on businesses all around the world. Because of disruptions to meetings, dividends, liquidity, disclosure, capital allocation, risk management, and internal control, it has come with inherent commercial risks that have an influence on corporate operations. For example, it has caused disruptions to these areas. Businesses ought to be permitted to have hybrid annual general meetings (AGMs). Companies have been driven to increase their efforts in the construction of their technological infrastructure. During a time of such severe financial turmoil, management ought to conduct a review of its share purchase schemes. The remuneration committee need to place an emphasis on concerns pertaining to executive pay. Relief actions have been undertaken by the government in accordance with the Companies Act of 2013 and the LLP Act of 2008, as well as relaxations from compliance with terms of the SEBI (LODR) Regulations of 2015 that were due. The major initiative is the contribution for COVID-19, which is eligible for corporate social responsibility activities, as well as the creation of schemes under the Companies Fresh Start programme and the revision of the LLP Settlement in order to give an opportunity to make amends for any filing-related defaults and to begin a new life with a clean slate.

Le et al. (2022) In order to evaluate the adverse effects that the emergency caused by the Coronavirus Disease-2019 (COVID-19) has had on the business continuity (BC) of small and medium-sized enterprises (SMEs), the purpose of this paper is to investigate the moderating role that corporate governance principles (CGP) play on SMEs' BC within the context of an emerging market.The authors examine the impact of these constructs on the business capitalization of small and medium-sized enterprises (SMEs) in an emerging market. This evaluation is based on an extensive literature research on the negative implications of the COVID-19 emergency, CGP, and BC studies. Quantitative methodology is utilised throughout this study. The sample for the research project consisted of 334 replies from directors, managers, and owners of businesses. In the year 2021, the data collected from small and medium-sized enterprises (SMEs) in Vietnam was analysed with Smart PLS SEM version 3.3.2.According to the results of this investigation, the regions of the COVID-19 repercussions that have a detrimental impact on the BC have been clarified. In addition, the findings of this study indicate that CGP acts as a moderator in the relationships between COVID-19 results and BC. This means that a good CGP may help a company mitigate the negative impacts that COVID-19 has on BC. In addition to this, a solid CGP may assist a company in improving its capability to react to changes in the external environment in which the organisation operates.

3. RESEARCH METHODOLOGY

Design of the research For the purpose of analysing the link between corporate governance and business performance, as well as the influence that COVID-19 has on these variables, this study gathered a sample of data from 188 companies that are listed on the Indian stock market for the year 2019 and 2020. The data was obtained in November. Only 188 companies had submitted their annual report by the time this research was being carried out, despite the fact that all non-financial listed companies were targeted. Both companies that did not have annual reports for the year 2020 at the time that this study was being conducted and all financial institutions, which are subject to more stringent restrictions, were not included in this study. i) Companies that did not have annual reports for the year 2020.

The annual reports were carefully combed through in order to obtain information about corporate governance, including board size, independence, gender diversity, meetings, audit committee size, and audit committee meetings. Additional financial data, including all financial indicators of business performance, was gathered with the assistance of DataStream. When analysing the influence of COVID-19 on the governance characteristics both before (2019) and after the pandemic (2020), we employed a traditional t-test to make our determination. In Table 1, all of the variables that were considered for this investigation are defined.

Table 1: Variables used in the study

Variable name		Definition
Return on assets	ROA	The ratio of earnings before interest and taxes to total assets.
Return on equity	ROE	The ratio of earnings before interest and taxes to equity.
Earnings before interest and tax	EBIT	A profitability ratio of earnings before interest and taxes to total assets.
Board size	BSIZ	A total number of members on the board.
Board independence	BIND	The number of independent non-executive directors on the board.
Board gender diversity	BGD	A number of female directors on the board.
Board meeting	BM	A number of meetings were held by the board during the financial year.
Board financial qualification	BFQ	The number of directors with finance and economic educational background.
Audit committee size	ACS	A number of the directors on the audit committee.
Audit committee meeting	ACM	A number of meetings were held by the audit committee during the financial year. The ratio of total debt to total assets.
Leverage	LEV	The ratio of total debt to total assets.
Liquidity	LIQ	Liquidity has been measured by the quick asset ratio or ratio of cash to current liabilities at the end of each financial year.
Dividend per share	DSP	DPS Cash dividends are paid out to the number of outstanding shares.

Furthermore, in order to investigate the connection between performance and governance, we utilised the Ordinary Least Square method. In accordance with a number of publications, we carried out the Hausman test as well as the Breusch and Pagan Lagrangian multiplier tests in order to identify the suitable panel data analysis approach. The outcomes of both tests were found to be negligible, which indicates that the pooled ordinary least squares estimation technique is the ideal technique for our data. The following is an expression of the regression model that will be used to assess the effect of corporate governance on the performance of the company:

$$\begin{aligned}\mathrm{FP}_{it} = {} & \beta_1 \mathrm{BSIZ}_{it} + \beta_2 \mathrm{BIND}_{it} + \beta_3 \mathrm{BGD}_{it} + \beta_4 \mathrm{BM}_{it} \\ & + \beta_5 \mathrm{BFQ}_{it} + \beta_6 \mathrm{ACS}_{it} + \beta_7 \mathrm{ACM}_{it} + \beta_8 \mathrm{LEV}_{it} \\ & + \beta_9 \mathrm{LIQ}_{it} + \beta_{10} \mathrm{DPS}_{it} + \beta_{11} \text{ year }_{it} + \varepsilon_{it}\end{aligned}$$

Where; FP = Firm performance is measure by several indicators as follows;

ROA = Return on assets

ROE = Return on equity

EBIT = Earnings before interest and tax

(robustness tests)

PM = Profit margin (robustness tests)

BSIZ = Board size

BIND = Board independence

BGD = Board gender diversity

BM = Board meeting

BFQ = Board financial qualification

ACS = Audit committee size

ACM = Audit committee meeting

LEV = Leverage

LIQ = Liquidity

DPS = Dividend per share

4. DATA ANALYSIS

4.1. Descriptive and Correlation Analysis

The study included a descriptive analysis of all of the components that were included in the investigation. The fact that the mean value of the firm's performance is virtually zero for ROA and even negative for ROE is demonstrated in Table 2. This indicates that Indian listed firms have been doing extremely worse in recent years in comparison to the previous period, which may also be ascribed to the COVID-19 problem. An example of this would be the fact that the ROA for Indian firms that were publicly traded in the year 2000 had an average value of 0.72. However, it was 5.620 in the year 2013. The outcome is a strong sign of bad performance for Indian companies over the past few years, contrary to the fluctuations that have occurred. According to the minimum and greatest values of performance (ROA; -0.692 and 0.456, and ROE; -2.687 and 0.973 respectively), it is evident that there is a significant disparity across businesses. In addition, the average number of directors on a board is 7.109, with fifty percent of them being independent. The results of a number of earlier research have been reported to be comparable to these findings. On the other hand, this is a smaller number than the average value of the board size in other nations that are located in the same area, such as France and Thailand.

Table 2: Statistic Analysis and Correlation Matrix

Variables	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**
ROA	1.000												
ROE	1.81	1.000											
EBIT	1.81	1.24	1.000										
BSIZ	1.81	1.24	1.12	1.000									
BIND	1.81	1.24	1.12		1.000								
BGD	1.81	1.24	1.12	1.32	1.29	1.000							
BM	1.81	1.24	1.12	1.32	1.29	1.12	1.000						
BFQ	1.81	1.24	1.12	1.32	1.29	3.45	3.45	1.000					
ACS	1.81	1.24	1.12	1.32	1.29	2.34	2.45	2.35	1.000				
ACM	1.81	1.24	1.12	1.32	1.29	1.06	1.81	1.24	1.12	1.000			
LEV	1.81	1.24	1.12	1.32	1.29	1.06	1.81	1.24	1.12		1.000		
LIQ	1.81	1.24	1.12	1.32	1.29	1.06	1.81	1.24	1.12	1.81	1.24	1.000	
DSP	1.81	1.24	1.12	1.32	1.29	1.06	1.81	1.24	1.12	1.81	1.24		1.000
VIF	-	-	-	2.03	1.81	1.24	1.12	1.32	1.29	1.06	1.24	1.22	1.09
Mean	0.003	-0.003	-0.046	7.123	3.234	1.234	3.098	3.312	5.0567	0.198	2.21	0.09	0.345
Std. Dev.	1.81	1.24	1.12	1.32	1.29	1.06	1.24	1.34	1.78	0.003	-0.003	-0.046	7.123

Min.	0.009	0.567	0.5432	3	5	7	98	78	12	0.003	-0.003	-0.046	7.123
Max.	0.4567	0.8976	0.789	14	8	5	15	7	6	0.003	-0.003	-0.046	7.123
obs	379	379	379	378	379	379	379	378	379	379	379	378	379

In addition, in order to assess the multicollinearity, we carried out a correlation study on all of the variables that were incorporated into the model. As can be seen in Table 2, every single independent variable comes with a correlation value that is lower than 0.5. When it comes to the multicollinearity issue, researchers have frequently brought attention to the fact that values that are not higher than 0.7 imply that there is no chance of multicollinearity problems. In addition, we implemented the variance inflating factor (VIF) test, which was an additional step that we conducted in the analysis. The outcome of all of the factors was about 2.0 or below. It has been demonstrated through these investigations that multicollinearity does not exist. The conclusion that can be drawn from this is that there is no potential of a multicollinearity problem among these variables.

4.2. T-test Analysis

A comparison of the mean values of all variables included in this study is made using the t-test investigation. This comparison is made before and after the COVID-19 disaster. Evidence suggests that the COVID-19 epidemic has had an impact on all aspects of the company, including its performance, the structure of its corporate governance, the amount of dividends it pays out, the amount of liquidity it has, and the amount of leverage it uses. On the other hand, the results of the t-test analysis demonstrated that the difference between the pre-COVID-19 and post-COVID-19 states is not statistically significant, and as a result, the initial hypothesis H1 was not supported. It is important to highlight that the poor performance of corporations is a contributing factor to the COVID-19 issue. In the year 2020, the majority of companies have not demonstrated a profit, as seen by the negative ROA, ROE, and EBIT in comparison to the previous year. In the most significant ways, the pandemic has an impact on the corporate governance structure, the financial qualification of the board, the size of the audit committee, and the board meeting. It is possible that this influence could have been caused by a number of factors, such as the actions taken by the government to combat the pandemic, which prevented directors from attending board meetings; alternatively, it is possible that some directors were infected with the disease, which prevented them from continuing their work and attending board meetings. In these kinds of situations, directors are need to take prompt action, if not immediate action, by reorganising the boardroom and the activities that they engage in. This is because they are unable to take responsibility for the situation because of the pandemic.

During the pandemic era, there have been modifications and reductions made to a number of other company features. While the liquidity in the form of the quick ratio has stayed practically the same with small increase, the dividend per share and leverage level have both seen a large decline, but it is not significant enough to be considered noteworthy. It is possible to explain this decline by pointing to the bad performance of the firm and the management who were attempting to minimise the risk of uncertainty and the responsibilities from the contracts. Consequently, managers have a tendency to boost the cash level of the company while simultaneously decreasing debt in order to handle the operational risks that are generated by COVID-19 and to guarantee that the company can survive the pandemic without any problems. To summarise, the public firms have been impacted in a major manner, but not to the extent that their dividends, capital structures, and governance structures for performance have been considerably altered.

4.3. Regression Results and Discussion

In this part, we conducted an analysis of the relationship between the characteristics of corporate governance and the performance of the company. A number of governance and performance characteristics were utilised in order to estimate the panel OLS regression that was performed between the variables. For the purpose of evaluating the performance of the company, we utilised return on assets (ROA) and return on equity (ROE), as is the case with a number of other studies. Additionally, earnings before interest and tax (EBIT) was utilised for the robustness study. Models one and three offer the regression result that takes into account all of the control variables, whereas models two and four make it possible for us to provide a comparison between the findings obtained before and after the COVID-19 crisis.

According to the findings of the inquiry, the only governance instrument that has a substantial beneficial influence on the performance of the company is the size of the board of directors. It appears that these findings are consistent with the majority of previous research. It has been suggested that the board of directors is the primary internal governance mechanism that is responsible for overseeing the decisions that are made by management. It is believed that a larger board size is superior due to the diverse expertise and experience that it possesses, as well as the improved monitoring mechanism, the increased external linkage, the capacity to extract crucial resources, and the reduced opportunities for manipulating board members. Therefore, notwithstanding the impact of the pandemic, the size of the board of directors continues to play an essential role in improving the performance of the company during times of uncertainty. Both the size of the board and the membership of the board are sensible answers to the conditions of the external environment, the present internal situation, and the prior financial success of a company. This conclusion lends empirical support to hypothesis H2a, which postulates that there is a positive correlation between the size of the board of directors and the success of the company.

The fact that liquidity and dividend per share have a positive correlation with both performance metrics suggests that managers have a tendency to enhance the cash levels of their companies in order to deal with the operational risks that are produced by COVID-19 and to guarantee that their companies are able to survive the pandemic without any problems. On the other hand, it seems that board meetings and audit committee meetings have a significant negative influence on the performance of the company. This is because of the high director compensation, which comes in the form of an annual retainer and per meeting fees. Companies are unable to afford these additional expenses, at least in this uncertain time. The findings of this study provide support for this hypothesis by demonstrating a substantial correlation between the frequency of meetings and director salary. Our findings do not give support for all of the hypotheses that are still being considered, H2b-g. Prior research has shown that gender diversity, board independence, and financial qualification all have a detrimental impact on business performance. It is crucial to note that this finding contradicts the findings of previous studies.

4.4. Robustness Test

We divided the sample into two subsamples according on the year in order to examine the impact of COVID-19 and determine whether or not the effect of corporate governance on financial leverage is asymmetric. Panel ordinary least squares regressions of company performance for the subsamples are presented in Table 5. In this uncertain period of COVID-19, the results of panel OLS regressions reveal that the size of the board does not significantly effect business performance as it did in the previous year, indicating that having more directors on the board assists firms in overcoming the harmful impact of the epidemic.

Table 5: Panel OLS Regressions of Firm Performance: Year Sub-Samples

Variable	**ROA**		**ROE**	
YEAR	2020	2019	2020	2019
ROA	0.769	0.007	0.53	0.01
ROE	0.056	0.569	0.318	0.24
EBIT	0.009	0.685	0.051	0.323
BSIZ	0.052	0.125	0.204	0.708
BIND	0.836	0.492	0.996	0.554
BGD	0.083	0.042	0.084	0.124
BM	0.000	0.354	0.567	0.789
BFQ	0.302	0.108	0.456	0.123
ACS	0.001	0.014	0.008	0.012
ACM	0.78	0.67	0.45	0.30

LEV	0.0064	0.034	0.998	0.345
LIQ	0.001	0.003	0.013	0.009
DSP	0.052	0.125	0.204	0.708

It has been demonstrated that a larger board of directors offers additional channels for corporations to communicate with the external environment and creditors, both of which are deemed crucial for the company in this uncertain time. It is interesting to note that gender diversity on boards of directors appeared to considerably improve business performance during the crisis period, whereas in the previous year, it had an inverse connection with firm performance in both financial and performance measures. One reason for this is that a more diverse board, in comparison to its counterpart, serves as a strategic resource to the company throughout the present crisis, which ultimately led to higher performance. This is because of the different insights, expectations, expertise, and backgrounds that the board possesses. In addition, it appeared that the meetings of boards and audit committees had a negative correlation with the success of the company. This was due to the high director remuneration, which consisted of an annual retainer as well as fees for each meeting. The influence of dividends per share and the liquidity of the company appeared to be consistent throughout the course of the years, however the influence of the size of the audit committee was somewhat uneven.

5. CONCLUSION

The new Coronavirus is still spreading rapidly and has had a significant impact on all businesses throughout the world, particularly the operations of organisations that are publicly traded. What is the impact of COVID-19 on listed companies and the association between corporate governance and firm performance in particular, given that the literature on this subject is very limited? Given that corporate governance is one of the most popular topics, particularly in the aftermath of the previous financial crisis, there is a question that has yet to be answered empirically. In this study, we analyse the impact of COVID-19 on firm and governance characteristics, as well as the connection between governance and performance, by using a sample of 188 non-financial companies that are listed in Malaysia during the period of 2019 and 2020 (both before and during the crisis).According to our findings, the COVID-19 crisis has had an impact on all aspects of the company, including its performance, corporate governance structure, dividend level, liquidity, and leverage. However, this impact has not been considerable because the difference between the company's performance before and after the COVID-19 crisis is not significant. Additionally, the regression analysis led to the discovery that the size of the board of directors is the only governance measure that has a substantial beneficial influence on the performance of the company. On the other hand, after dividing the sample according to the year, we discovered that the size of the board does not have any significance in the uncertain period of the present crisis. It is interesting to note that during the crisis period, board gender diversity looked to be considerably improving company performance (ROA and ROE), but in the previous year, it had an inverse connection with firm performance in both metrics. The reason for this is because a board that is more diverse than its counterpart has a wider range of perspectives, expectations, expertise, and experiences than the other board. On the other hand, it seems that board meetings and audit committee meetings have a significant negative influence on the performance of the company. This is because of the high director compensation, which comes in the form of an annual retainer and per meeting fees. Companies are unable to afford these additional expenses, at least in this uncertain time.The findings of this study provide a contribution to the existing body of literature by expanding the existing body of information regarding the influence of epidemics and pandemics on various firm-level characteristics both before and after a crisis. Our investigation is, to the best of our knowledge, one of the first to do an empirical investigation of the ways in which COVID-19 affects the link that already exists between organisational governance and the performance of businesses. However, this study does have several limitations, one of which is that the COVID-19 is still in its early stages of development. It is possible that similar research may be required in the future in both established and emerging markets. While we do not suggest a straightforward replication of the study, it is possible that future research may take into consideration a bigger sample size, a comparison between two distinct marketplaces, or the influence of Coronavirus over a longer period of time. Additionally, the research does not make use of all of the characteristics of governance. As a result, we strongly recommend that future study incorporate other mechanisms, such as a variety of ownership arrangements, additional indices of board diversity, numerous directorships, and governance at the country level. It has been suggested that this epidemic has had a different impact on corporations than it has on individuals. Therefore, it is possible that future research will need to incorporate an analysis of various firm-level or country-level factors, as well as the influence of COVID-19 on the results of organisations.

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