

## **The moderating effect of shariah compliance on the Relationship between corporate risk taking and firm Performance**

### **ABSTRACT**

The aim of this study is to examine the moderating effect of Shariah compliance on the relationship between corporate risk-taking and firm performance. The study's data was acquired from DataStream (Thomson Reuters) and annual reports extracted from the Bursa Malaysia website. To analyze the data, the study used panel data analysis, specifically pooled OLS, random and fixed effect were employed. In order to identify the most appropriate model, the study employed the Breusch-Pagan-Lagrange multiplier (LM) test and Hausman test. Additionally, robust standard error estimation was utilized to address the possible presence of serial correlation and heteroskedasticity. The study reveals that Shariah compliance moderate the relationship between corporate risk taking and firm performance. The findings are useful to inform managers on how to tailor their investment strategies to the needs of their clients, especially to the needs of average-risk investors to make an informed decision as well as to who might consider shariah compliant portfolio as part of their investment diversification.