UNIVERSITI TEKNOLOGI MARA

THE ASSOCIATION BETWEEN GOVERNMENT SHAREHOLDING AND FAMILY SHAREHOLDING WITH CORPORATE GOVERNANCE QUALITY

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Dissertation submitted in partial fulfilment of the requirements for the degree of
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AUTHOR'S DECLARATION

I declare that the work in this dissertation was carried out in accordance with the regulations of Universiti Teknologi Mara. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This topic has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

In the event that my dissertation be found to violate the conditions mentioned above, I voluntarily waive the right of conferment of my degree and agree be subjected to the disciplinary rules and regulations of Universiti Teknologi MARA.

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Abstract

The objective of this study is to examine the association between government shareholding and family shareholding with corporate governance. The sample includes 638 Malaysian Public Listed Companies (PLCs) from main market and Ace market. This study using principal component analysis scoring to measure corporate governance quality by focusing on corporate governance items which consist of board size, ratio of non-executive director in the board, ratio of independent director in the board, board meeting, CEO duality, the numbers of the numbers of audit committee meeting, audit committee size and ratio of financial expert in audit committee

Consistent with prior findings, the study finds a positive relation between government shareholding and corporate governance quality. This suggest that the higher percentage of government shareholding, the higher corporate governance quality. On the other hand, there is a significant negative relationship between percentage of family shareholding and corporate governance quality, indicating that, firm with higher family shareholding has lower corporate governance quality. The result is robust even after including various controls such as leverage, firm size, growth, and return on assets, auditor and industry effect. This study concludes that share ownerships are important determinant of corporate governance quality.

Keywords: Ownership structure, government shareholding, family shareholding and corporate governance quality.
Table of Contents

Author’s Declaration i
Acknowledgments ii
Abstract iv
Table of Contents vi
List of Tables viii
List of Figures viii
Abbreviations viii

Chapter One: Introduction

1.1 Introduction 1
1.2 Background of the study 2
1.3 Statement of the problem 3
1.4 Research objective 5
1.5 Scope of the study 5
1.6 Significant of the study 6
1.7 Organisation of the study 7
1.8 Chapter summary 8

Chapter Two: Literature Review

2.1 Introduction 9
2.2 Overview of Ownership Structure 9
   2.2.1 Government Ownership 11
   2.2.2 Family Ownership 13
2.3 Overview of Corporate Governance 14
   2.3.1 Malaysian of Corporate Governance 15
2.4 Consequences of Corporate Governance Quality 20
   2.4.1 Board Size 22
   2.4.2 Board Composition 23
   2.4.3 Board Meetings 24
   2.4.4 Roles Duality 25
   2.4.5 Audit Committee Size 25
   2.4.6 Audit Committee Meeting 26
   2.4.7 Financial Knowledge and Expertise 27
2.5 Agency Theory

2.6 Other Determinants of Corporate Governance Quality
  2.6.1 Firm Size
  2.6.2 Leverage
  2.6.3 Growth
  2.6.4 Return on Assets
  2.6.5 Auditor
  2.6.6 Industry

2.7 Chapter Summary

Chapter Three: Research Method

3.1 Introduction
3.2 Research design
3.3 Data and Sample
3.4 Theoretical framework
3.5 Hypothesis development
  3.5.1 Government Ownership
  3.5.2 Family Ownership
3.6 Measurement Variables
  3.6.1 Measurement of dependent variable
  3.6.2 Measurement of independent variables
    3.6.2.1 Government Ownership
    3.6.2.2 Family Ownership
    3.6.2.3 Firm Size
    3.6.2.4 Leverage
    3.6.2.5 Growth
    3.6.2.6 Return on Assets
    3.6.2.7 Auditor
    3.6.2.8 Industry
3.7 Statistical analysis
  3.7.1 Descriptive Statistic
  3.7.2 Correlations Analysis
  3.7.3 Multiple Linear Regression Analysis
3.8 Regression Model
3.9 Chapter Summary