UNIVERSITI TEKNOLOGI MARA

LARGE BLOCKHOLDING
AND FINANCIAL RISK

MAS NORDIANA HJ RUSLI

Dissertation submitted in partial fulfillment of the requirements for the degree of

Master of Accountancy

Faculty of Accountancy

December 2013

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.

Name of Candidate	:	Mas Nordiana Binti Hj Rusli
Candidate I.D. No	:	2010915921
Programme	:	Master of Accountancy
Faculty	:	Accounting
Dissertation Title	:	Large Blockholding and Financial Risk
Signature of Candidate	:	....
Date	:	December 2013

ABSTRACT

The objective of this study is to examine the relationship between large blockholding and financial risk. The regression analysis was performed on the sample of 571 firms listed in Bursa Malaysia for year 2012. The result of the study highlighted that financial risk was negatively related with large blockholdings. Since Malaysian capital market is rich with family business, examination on large family blockholders further seems to have similar results as large blockholdings. Similar result was also shown by institutional blockholding where it was found to be significantly inverse relationship with financial risk. This could be due to the reason that institutional shareholding provides better monitoring thus reducing the risk associated within the companies. On the other hand, government intervention through privatization was found to have strong relationship with financial risk. This result implies that government blockholders prefer higher financial risk as they are usually bailed out by the government in case of financial failure. The result of this study is robust after controlling the industries effects.

Keywords: large blockholding, family owned firms, GLCs, institutional, financial risk

TABLE OF CONTENT

3. CHAPTER THREE: METHODOLOGY