

UNIVERSITI TEKNOLOGI MARA

**THE RELATIONSHIP BETWEEN FAMILY
FIRMS OWNERSHIP AND CONTROL WITH
DISCRETIONARY ACCRUALS**

NOR HANNAN BINTI MOHD ZIN

Dissertation submitted in partial fulfillment 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.

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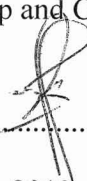
Name of Candidate : Nor Hannan Binti Mohd Zin

Candidate I.D. No : 2011857946

Programme : Master of Accountancy

Faculty : Accountancy

DissertationTitle : The Relationship between Family Firm
Ownership and Control with Discretionary
Accruals

Signature of Candidate : 

Date : December 2013

ABSTRACT

The primary objective of this study is to investigate whether there is relationship between family ownership and controls with discretionary accruals in Malaysia. This study employed a sample of 478 listed firm's observation of Malaysian listed companies in the period of year 2012. The samples consist of 275 family firms and 203 non family firms. First, the study examines the association between discretionary accruals with family ownership. The result suggest that discretionary accruals has association with the family ownership which indicates that high percentage of the firm's share hold by families will result in low accounting discretion being reported (Machunga and Teitel, 2009). Second, this study examines the association between discretionary accruals with family controls. Surprisingly, the result suggests that discretionary accrual has association with the family controls. This indicates that high percentage of family members being appointed and holds position in the board result in high accounting discretion. This study also found that firm size, leverage, board size, directors independence, return on equity, CEO duality, BIG 4 auditors and industry influence discretionary accruals occurrence in family firms specifically in Malaysian environment.

Keywords: Discretionary accruals, family ownership, family control, firm size, leverage, board size, director's independence, return on equity, CEO duality, BIG 4 auditors, industry.

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