

**STUDY ON SHAREHOLDERS ACTIVISM AND IT'S  
IMPLICATION ON GOVERNANCE DISCLOSURE  
OF MINORITY SHAREHOLDERS INFORMATION**

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## ABSTRACT

Shareholder activism is a new scenario in this country. The government has done a lot of efforts in order to promote this activity. It is one of corporate governance mechanism which involves shareholders. Hence, they are expected to play their role in order to promote good corporate governance practice.

In order for shareholder to play active role in corporate governance, they must have knowledge of their basic roles and rights. In fact, they should know how to play their active role when attending the company's annual general meeting. Shareholders should know that, they have a direct access to directors when they attend the companies' annual general meeting and may questions directors in relation to various issues on the company. However, the most worrying phenomena are that shareholders do not bother to attend the annual general meeting and also to exercise voting rights. If this continues, shareholders activism remains as a myth in this country.

Thus, this paper is aimed to address shareholders awareness of their roles and rights and provide reasons behind shareholders non-participation in the annual general meeting. Based on the findings, it was found that shareholders are not aware or being ignorant of their roles and rights. Further, shareholders claimed that their small shareholding is the important reason for their non-participation in the annual general meeting. Investors also revealed a few factors that would encourage them to attend the annual general meeting. Some of the factors are time availability, value added as an investor, knowledge on shareholders rights, agenda of the meeting, knowledge and types of issues to be addressed during the meeting.

Other findings revealed that, companies' view on the minority shareholding information is insignificant to be portrayed in the analysis of shareholding information. Nevertheless, companies are transparent in terms of their ownership structure in the annual report.

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# CHAPTER 1

## INTRODUCTION

### 1.0 INTRODUCTION AND PROBLEM DEFINITION

Lack of shareholders' activism has become a worrying phenomenon in this country. In most cases, retail investors\* participation is seen to be reactive in nature. Of late, shareholders' participation in the annual general meeting is relatively poor. As such important matters that need shareholders' involvement in companies are left to the jurisdiction of company directors and management to decide.

Shareholders can show their participation through the annual general meeting. The annual general meeting is a crucial mechanism for investors to have a direct access to management. Thus, it is very important for investors to make full use of the opportunity. During the meeting investors could play their active role by participating in policy formulation and decision making through their voting power.

In relation to lack of shareholders participation in the annual general meeting, the Kuala Lumpur Stock Exchange (KLSE) has seen the importance of corporate governance and its implication on shareholders activism. Consequently, the KLSE has imposed a guideline on shareholders information in order to promote a good corporate governance disclosure practices specifically on shareholders information. In this disclosure, listed companies are expected to disclose their shareholders information at least according to the prescribed rules. With this, it shows that companies are concerned with their shareholders and portray them in the annual report. Thus, it is expected that companies' disclosure on shareholder information is according or beyond such requirement and hence, enhance company's corporate governance reporting.

As investors, shareholders are expected to know their rights especially those related to their voting rights. Investors must know how and when to exercise their voting rights on