

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.*

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