

**THE FACTORS TO THE GROWTH OF MERGERS IN MALAYSIA:  
WHETHER LEGAL CONTROL PLAYS A ROLE?**

**BY :**

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## 1. Letter of Report Submission

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### **LAPORAN AKHIR PENYELIDIKAN "THE FACTORS TO THE GROWTH OF MERGERS IN MALAYSIA: WHETHER LEGAL CONTROL PLAYS A ROLE?"**

Merujuk kepada perkara di atas, bersama-sama ini disertakan 3 (tiga) naskah Laporan Akhir Penyelidikan bertajuk "The Factors to the Growth of Mergers in Malaysia: Whether Legal Control plays a Role?"

Sekian, terima kasih.

Yang benar,



**PUTRI SYAIDATUL AKMA MOHD ADZMI**  
Ketua  
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## **5. Report**

### **5.1 Proposed Executive Summary**

The capital market in Malaysia has been steadily developing especially after the Asian financial crisis in 1997/1998. Companies are now willing to consider corporate restructuring as part of its corporate growth and expansion and have been involved in series of mergers and acquisitions ('M&A') transaction.

Both corporate law and competition law provide the mechanism of control to M&A; the former for the interest of the company (and shareholders) and the latter for the interest of the public who are engaged in the economic activities.

As any law imposed will affect not only the corporations and shareholders as the direct parties involved but also the interest of the public as a whole, as an indirect interest. In ascertaining the merger control, this research thus proposed to look into the approach undertaken by competition law looking from other countries' experiences insofar as it might throw light on the problems faced by Malaysia and illuminate the law on the control on M&A in Malaysia.

This research, exploratory in nature, contended that the existing legal and regulatory framework of merger controls is not sufficient to provide measures and controls for effective mergers in achieving good corporate governance and efficient capital economy market as a whole. This research will initially seek what constitutes an approach that gives a better outcome for effective mergers in Malaysia given the fact that Malaysia has a unique corporate culture, uncommon family and state concentrated ownership structure and different national policies.

It is also our contention that, in order for Malaysia to move forward as a market-based system pursuant to the Securities Commission Capital Market Master Plan, market, particularly, the shareholders must be given some room to breathe for fear that over-regulation might thwart the expansion of the capital market and hamper any possibility of effective mergers.

## 5.2 Enhanced Executive Summary

Despite the fact that there are rapid growth of mergers and acquisitions ('M&A') in both Western and Asian countries, little has been written about the M&A in Asia. Even if there are any on Asian M&A, most studies that have been done focused on the effect of M&A of that particular merged firm and also the post performance of the same, not many studies have been concentrated on the factors of the said transactions. This paper provide a research on the factors to the growth of mergers in Malaysia by analysing the questionnaires which have been distributed among selected groups involved in M&A transactions. The purpose to gather the information on the factors of M&A is to further investigate on whether legal control ever plays its role in M&A transactions. Our evidence shows that legal control plays a role on M&A transactions but it has not been regarded as the most important factor above all.