

UNIVERSITI TEKNOLOGI MARA

**THE ASSOCIATION OF
LISTED FAMILY FIRMS AND
LISTED GOVERNMENT RELATED COMPANIES
WITH
THE FIRMS' PERFORMANCES IN MALAYSIA**

NURSYAFIKA HJ MOHD YUSOFF

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 : Nursyafika Bt Hj Mohd Yusoff

Candidate I.D. No : 2011290364

Programme : Master of Accountancy

Faculty : Accountancy

DissertationTitle : The Association of Listed Family Firms and
Listed Government Related Companies with
The Firms' Performance in Malaysia

Signature of Candidate : 

Date : December 2013

ABSTRACT

The objective of this study is to examine the association of listed family firm (LFF) and listed government related companies (LGRCs) and the firms' performance. The sample includes 495 companies listed on Bursa Malaysia for the year 2012. Multiple regression has been employed to test the hypotheses. Nine control variables included in this study which are the board size, board composition, role duality, firm size, firm age, debt ratio, firm growth, auditor type (Big 4) and financial expertise. The finding of this study indicates that listed family firms have correlation with firms' performance. A finding has revealed that the listed family firms perform better than LGRCs. The bigger the firm size, the higher the firm's performance as measured with Tobin's Q. The results also show that, the role duality is extremely significant positive associated with the Tobin's Q. This suggests that when there is a presence of role duality, it will contribute to higher firm performance. However, the finding for listed government related companies (LGRCs) show that there is no correlation between LGRCs and firms' performance.

Keywords: *Listed Family Firm, Listed Government Related Companies (LGRCs), Tobin's Q, PB ratio, ROA, ROE*

TABLE OF CONTENTS

Author's Declaration.....	ii
Abstract.....	iii
Acknowledgement.....	iv
Table of Contents.....	vi
Appendices.....	x
List of Tables.....	xi
List of Figures.....	xii
List of Abbreviations.....	xiii

Chapter One: Introduction

1.1 Introduction.....	1
1.2 Background of the study.....	2
1.3 Problem statement.....	4
1.4 Research question.....	5
1.5 Research objectives.....	5
1.6 Scope of the study.....	6
1.7 Significant of the study.....	6
1.8 Organisation of the study.....	6
1.9 Chapter summary.....	8

Chapter Two: Literature Review

2.1 Introduction.....	9
2.2 Ownership structure.....	10
2.3 Ownership structure in Malaysian context.....	11
2.3.1 Government ownership.....	11

2.3.2 Family ownership.....	12
2.4 Ownership structure and firm performance all over the world.....	12
2.5 Ownership structure and firm performance in Malaysian context.....	15
2.5.1 Listed government related companies and firm performance.....	15
2.5.2 Listed family firm and firm performance.....	17
2.6 Agency Theory.....	19
2.7 Previous studies on determinants of firm performance	20
2.7.1 Board size.....	20
2.7.2 Board composition.....	20
2.7.3 Board leadership.....	21
2.7.4 Firm size	22
2.7.5 Firm age	22
2.7.6 Debt ratio	23
2.7.7 Growth	23
2.7.8 Choice of auditors.....	24
2.7.9 Audit committee financial expertise.....	24
2.8 Chapter summary.....	25

Chapter Three: Research Methodology

3.1 Introduction.....	26
3.2 Research design	26
3.3 Data collection method	27
3.4 Population of the study	27
3.5 Research framework	29
3.6 Measurement procedure.....	32
3.7 Measurement of variables.....	34
3.7.1 Measurement of dependent variables	34
3.7.1.1 Tobin's Q.....	35
3.7.1.2 Price to book ratio.....	36
3.7.1.3 Return on Assets	36
3.7.1.4 Return on Equity.....	37