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IMPACT OF BLOCKHOLDER OWNERSHIP AND DIVIDEND PAYOUT ON GOVERNMENT-LINKED COMPANIES (GLCs) VALUE IN MALAYSIA

MASTER 2010

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MASTER OF SCIENCE (FINANCE)
UNIVERSITI UTARA MALAYSIA
May 2010

IMPACT OF BLOCKHOLDER OWNERSHIP AND DIVIDEND PAYOUT ON GOVERNMENT-LINKED COMPANIES (GLCs) VALUE IN MALAYSIA

By

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Thesis Submitted to the Centre for Graduate Studies,
Universiti Utara Malaysia
In fulfillment of the requirement for the Degree of Master of Science (Finance)

KOLEJ PERNIAGAAN
(College of Business)
Universiti Utara Malaysia

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ABSTRACT

Government-linked companies (GLCs) play important role in the development of Malaysian economy. Therefore, this paper examines the relationship between blockholder ownership and dividend payout towards the firm value among government linked companies (GLCs) in Malaysia. By assessing the relationship the second larges ownership data in GLCs is used to looked government intervention. This study is based on a sample of 30 firms over a period from 2004 to 2009. Statistical techniques of correlation and regression have been used to explore the relationship between blockholder ownership, dividend payout and firm's value. The finding indicates that there is significant impact between dividend payout and firm value.

ABSTRACT IN BAHASA MALAYSIA

Syarikat-syarikat berkaitan kerajaan (GLCs) memainkan peranan penting dalam pembangunan ekonomi Malaysia. Lantarannya, kertas ini memeriksa hubungan antara blockholder pemilikan dan bayaran dividen ke arah nilai firma di kalangan kerajaan mengaitkan syarikat-syarikat (GLCs) di Malaysia. Dengan menaksir hubungan kedua besar data pemilikan dalam GLCs adalah digunakan untuk melihat campur tangan kerajaan. Kajian ini adalah diasaskan satu sampel 30 firma-firma mengenai suatu tempoh dari 2004 hingga 2009. Teknik-teknik statistik korelasi dan regresi telah dibiasakan meneroka hubungan antara blockholder pemilikan, nilai bayaran dividen dan firma. Penemuan menunjukkan yang terdapat impak signifikan antara dividen.

DECLARATION PAGE

I hereby declare that this dissertation is the result of my own investigations, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at UUM or other institutions.

Nor Razuana Binti Amram

Signature........................... Date.........................

ACKNOWLEDGEMENTS

First and foremost, greatest gratitude to Allah the Almighty who give me all that I needed to complete this dissertation. Given this opportunity, I would like to express my sincere appreciation to those who have contributed and supported me in completing this dissertation.

My special appreciation goes to my supervisor, Prof. Madya Dr. Angappan @ Chockalingam A/L Regupathi, who has guided me all the way to the completion of this research. Without his guidance and advice, this research may not even be materialized.

Special thanks to all my lecturers in UUM Kuala Lumpur City Campus who have equipped me with the invaluable knowledge and experience during my study at UUM Kuala Lumpur City Campus. Not to forget, all my course mates for their greatest support, assistance and ideas, as well as my colleagues at Universiti Tenaga Nasional.

Last but certainly not the least, I would also like to convey my deepest appreciation for the love and support from my parents, Amram Bin Walad and Sarimah Binti Abdul Rahmad.

Thank you and may Allah bless us forever.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS

GLCs	government-linked companies
e.g	*(exempligratia)*; for example
EPS	Employees Provident Fund
et al.	*(et alia)*; and others
KLSE	Kuala Lumpur Stock Exchange
n.d.	no date
no.	number
OLS	Ordinary least squares
p.	page
PCC	Pearson correlation coefficient
PNB	Permodalan Nasional Berhad
sig.	significance
TSE	Tokyo Stock Exchange
UK	United Kingdom
US	United States

CHAPTER ONE
INTRODUCTION

1.1 INTRODUCTION

Good corporate governance can help development external financing of the firms, strong dividend payments and improve the efficiency of investment (La Portal *et* al. (2000)). Malaysia has implemented the reform of corporate governance in the form of *Malaysian Code on Corporate Governance 2001* (MCCG 2001). The amendment of regulations (e.g. the revamp of Listing Requirements of Bursa Malaysia and securities law amendments), institutional reforms (e.g. the establishment of Minority Shareholders Watchdog Group (MSWG) as the introduction of relevant industry best practices.

Enron and WorldCom in U.S. have collapsed under massive restatement of their financial statements. New York Times, "After 10 years, corporate oversight is still dismal," (January 26, 2003). The events happen at East Asian Financial crisis in late 1997 show the failure of corporate governance systems internationally. Malaysia scandals have also reported, such as Perwaja Steel, Malaysia Airline, Technology Resources Industries, Sime Darby and Bumiputra Malaysia Finance (Rashidah, 2006).

The present study basically attempts to augment the existing evidence on the association between firms' value and their governance

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