THE IMPACT OF FAMILY OWNED FIRMS ON FIRMS' PERFORMANCE: A STUDY ON MALAYSIAN LISTED FIRMS

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OCTOBER 2010

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A Dissertation Submitted in Partial Fulfillment of the Requirements for the Degree of Master of Science in Banking at College of Business, Universiti Utara Malaysia

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ABSTRAK

Kajian ini meneliti kesan syarikat milikan keluarga terhadap prestasi syarikat. Pada dasarnya, kajian ini mengadaptasikan model yang telah digunakan oleh Christian Andres. Penyelidikan ini ingin melihat adakah terdapat perbezaan prestasi di antara syarikat milikan keluarga dan syarikat bukan milikan keluarga. Dengan jumlah pemerhatian yang berjumlah 102 syarikat, sebanyak 79 syarikat telah dipilih sebagai sampel dari jumlah keseluruhan Initial Public Offering (IPO), di dalam Bursa Malaysia, dari tahun 2004 hingga 2006. Daripada 79 syarikat tersebut, 49 syarikat telah dikenalpasti sebagai syarikat milikan keluarga dan 30 syarikat adalah syarikat bukan milikan keluarga. Dengan itu, kajian ini mendapati bahawa syarikat milikan keluarga mempunyai hubungan yang signifikan terhadap prestasi yang berasaskan pasaran, tetapi tidak mempunyai hubungan yang signifikan terhadap prestasi yang berasakan perakaunan. Namun demikian, syarikat bukan milikan keluarga mempunyai Tobin's Q yang lebih besar daripada syarikat milikan keluarga. Selain itu, kajian ini mendapati bahawa dividen mempunyai hubungan yang signifikan dengan prestasi berasaskan pasaran (Tobin's Q) tetapi tidak signifikan terhadap prestasi berasakan perakaunan (ROA). Saiz syarikat didapati mempunyai hubungan yang signifikan dengan ROA (EBIT) tetapi tidak signifikan terhadap ROA (EBITDA) dan Tobin's Q. Namun, struktur modal mempunyai hubungan yang signifikan terhadap kedua-dua prestasi berasakan perakaunan dan pasaran.

ABSTRACT

This study explores the impact of family owned firms towards firms' performance. Basically, this study adapted the model that has been applied by Andres (2008). This study wants to whether there is performance differences based on family control in the firms. From a total number of 102 firms' observation, 79 firms have been selected as sample from the total number of Initial Public Offering (IPO) in Bursa Malaysia Main Market, from 2004 to 2006. From a number of 79 firms, 49 firms have been identified as family owned firms and 30 firms are non-family owned firms. Thus, this study found that family owned firms have significant relationship to the firms' market based performance but have no significant relationship to the firms' accounting based performance. Nevertheless, non-family owned firms have greater Tobin's Q than family owned firms. Other than that, this study found that dividend has significant relationship to the market based performance (as measured by Tobin's Q) but not significant to the accounting based performance. Firm size is found to have significant relationship to ROA (EBIT) and is not significant to ROA (EBITDA) and Tobin's Q. However, capital structure has significant relationship to both of the accounting based and market based performance.

ACKNOWLEDGEMENT

All my praises and gratitude to Allah, the Merciful, for His kindness and for meeting me with many wonderful people who, with His Grace, have had helped me tremendously in the successful completion of this research.

This research would not have been possible without the constructive comments, suggestion and encouragement received from my supervisor who has read the various draft. In particular, I would like to acknowledge my debt Dr. Zahiruddin Bin Ghazali, without, of course, holding him responsible for any deficiencies remains in this research. Also deepest thanks to Prof. Dr. Norhayati Binti Ahmad as the second examiner for her contribution by supporting my work and help myself during the dissertation progress.

Deepest thanks and appreciation to my parents, family, special mate of mine, and others for their cooperation, encouragement, constructive suggestion and full of support for the report completion, from the beginning till the end. Also thanks to all of my friends and everyone, those have been contributed by supporting my work and help myself during the dissertation progress till it is fully completed.

Thank You

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LIST OF ABBREVIATIONS

EBIT	: Earnings Before Interest and Tax
EBITDA	: Earnings Before Interest and Tax and Depreciation and Amortization
IPO	: Initial Public Offering
REIT	: Real Estate and Investment Trust
ROA	: Return on Asset
ROE	: Return on Equity
SPSS	: Statistical Package for the Social Science

CHAPTER ONE

INTRODUCTION

1.0 INTRODUCTION

This chapter provides a discussion on family ownership and firms' performance in Malaysia. Section 1.1 highlights the study on family ownership and firms' performance in developed country and also in Malaysia. Section 1.2 provides the overview of Bursa Malaysia. Section 1.3 discussed about the problem statement in this study. Section 1.4 presents the research objectives of the study. The questions that need to be answered to achieve the research objectives are presented in section 1.5. The significance of the study is discussed in section 1.6.

1.1 BACKGROUND OF THE STUDY

Ownership structure plays a major role in corporate governance because it indentifies the incentives of managers and also the economic efficiency of the corporations they manage. Thus, numerous studies related to ownership structure and firms' performances were conducted. Jensen and Meckling (1976), define the ownership structure not only by the distribution of equity with regard to votes and capital, but also by identifying the equity owners.

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