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

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ABSTRAK

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.
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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 identifies 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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REFERENCES


