OWNERSHIP STRUCTURE, FIRM PERFORMANCE AND CAPITAL

STRUCTURE OF MALAYSIA LISTED FIRMS

By

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804537

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


Kata kunci: Syarikat milik keluarga, struktur pemilikan, prestasi syarikat; struktur modal.
ABSTRACT

This study investigates the relationship between types of ownership structure and firm performance and capital structure of Malaysian IPOs firms. 80 sample firms listed on the main board of Bursa Malaysia for the years 2004 until 2009 is utilized. this study examines how ownership structure affects the performance and capital structure of 80 Malaysian IPOs firms in 2004, 2005 and 2006. This study determines the impact of ownership structure on market performance and accounting performance using as proxies Tobin’s q and Return on Assets (ROA). Then, this study tested the family ownership related to capital structure using the financial leverage. Both ownership concentration variables are found to be positively and statistically significant in influencing dividends in every type of dividend model. The finding is consistent with agency theory since high dividend payments can be used for mitigating agency conflict as dividends can be substituted for shareholder monitoring. Hence, large shareholders have strong incentives to require higher dividend payments in order to reduce monitoring costs. Nevertheless, this study shows that performance and capital structure of Malaysian firms are not influenced at all by the structure of ownership.

Keywords: Family-owned firm; ownership structure; firm performance; capital structure.
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<td>DTA</td>
<td>Debt to Assets</td>
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<td>DW</td>
<td>Durbin Watson</td>
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<td>FS</td>
<td>Firm Size</td>
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<td>IPOs</td>
<td>Initial Public Offerings</td>
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<td>ROA</td>
<td>Return on Assets</td>
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<td>SG</td>
<td>Sales Growth</td>
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<td>SD</td>
<td>Standard Deviation</td>
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<td>SPSS</td>
<td>Statistical Package for Social Study</td>
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CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

Many arguments have been raised about the impact of the separation of ownership and control on firm performance since the landmark study by Berle and Means (1932). However, this study examines how ownership structure affects the performance and capital structure of 80 Malaysian newly listed firms or Initial Public Offering (IPOs) firms, which are combinations of three years of IPOs firms from 2004 to 2006. This study determines the impact of ownership structure on market performance and accounting performance using; proxies Tobin’s q and Return on Assets (ROA). Family owned firms were also tested to see its impact on capital structure represented by the firm’s financial leverage.

1.2 BACKGROUND OF STUDY

Many studies regarding ownership structure, firm performance and capital structure have been conducted by scholars all over the world. Various methods have been used to study ownership structure issues resulting in thousands of articles regarding this topic. Several of the most referred articles regarding ownership structure were written by Gadhoun et al. (2005), Faccio and Lang (2002), Classens et al. (2000), Lins (2003), Atting et al. (2006) & Morck et al. (2000). From their research, they find the theories of the relationship between concentrated ownership and firm
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REFERENCES


