THE RELATIONSHIP BETWEEN OWNERSHIP STRUCTURE AND BANK PERFORMANCE: A MALAYSIAN CASE

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Kesan kepada prestasi bank menunjukkan bahawa ada kesan tersendiri berdasarkan kepada jenis pemilikan dalam perbankan. Hasil kajian juga menunjukkan bahawa pemilikan asing mempunyai kesan terbesar kepada prestasi bank berbanding dengan struktur pemilikan lain. Pemilikan yang tinggi daripada pemilikan institusi cenderung kepada pengawalan yang besar iaitu memimpin kepada prestasi yang lebih baik kepada bank.

Walau bagaimanapun, hasil kajian menunjukkan bahawa pemilikan dalaman dan pemilikan keluarga akan menyebabkan peningkatan masalah agensi kepada bank. Pemilikan Kerajaan didapati tidak mempunyai sebarang kesan dalam prestasi bank.
ABSTRACT

This study analyzes the relationship between ownership structure and bank performance in Malaysia. The empirical analysis of this study is restricted to Malaysian Commercial Banks during the period of 2001-2011. The main objective of this study is to examine the relationship between ownership structure and performance in commercial banks in Malaysia.

The results show that different types of ownership have different impact on bank performance. The result also shows that foreign ownership had the largest impact on bank performance compared to other types of ownership structure. Higher shares by institutional tend to induce larger monitoring which leads to better performance of the banks.

However, the results indicate that higher insider ownership and family ownership would increase agency problems in the banks. Government ownership is found to have no impact on the banks performance.
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Thank you
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CHAPTER ONE

BACKGROUND OF THE STUDY

1.0 Introduction

This chapter provides a brief discussion on the relationship between ownership structure and bank performance. This chapter starts with explanations on corporate governance and ownership structure and followed by explanations about the relation between bank’s ownership structure and performance on section 1.2. Then, it continues with section 1.3 provides the problem statement and briefly explanation from where that problem generated from. Section 1.4 and 1.5 provides the research question and objective of this study. The significant of the study is discussed in section 1.6. Finally, section 1.7 explained the organization of the study.

1.1 Corporate Governance and Ownership Structure

Corporate governance describes a range of issues relating to the ways in which companies may be directed and controlled. It is a system and process for ensuring proper accountability, honesty, and openness in the conduct of an organization's business (Investopedia, 2013). Usually, good corporate governance involves management judgment and is essentially voluntary in nature. However, in the context of the Financial Services and Markets Act 2000, provisions for certain “corporate governance rules” are
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REFERENCES


