Foreign Ownership and Firm Performance: Evidence from Malaysia

MOHD ABDULLAH JUSOH

ABSTRACT

It is a known fact that foreign multinational firms hold significant ownership in firms listed on Bursa Malaysia. These foreign owners do not only provide capital, but also managerial expertise and exceptional monitoring mechanism on managers. Therefore, it can be expected that foreign ownership improves firm performance and efficiency. However, the extent to which their participation in ownership could improve firm performance particularly in emerging countries such as Malaysia has to be empirically tested. This study investigates the relationship between foreign ownership and firm performance of public listed firms in Malaysia. Three years panel data of 730 Malaysian public listed firms were examined. The results show that foreign ownership has positive and significant relationship with ROA and Tobin's Q. Therefore, the involvement of foreign investors in monitoring and controlling activities reduces agency conflict in the emerging economy. This is the first study that utilizes the extended agency theory to explain foreign ownership and performance in a developing country.

Keywords: Foreign ownership; performance; Malaysia

INTRODUCTION

Foreign ownerships are essential to the Malaysian economy since this type of ownership is significant in the capital market (Boo 2003). In early the stages of independence, foreign ownership was dominant in the Malaysian economy. Foreign equity ownership represented more than 60 per cent of Malaysian businesses in 1969. This figure had dramatically decreased but still maintained a significant figure of 28.8 per cent in 2004 and increased to 37.9 per cent in 2008 (Zainal Abidin 2011). The statistics revealed the evidence of the development of Malaysian equity market which is heavily influenced by the National Economic Policy (NEP). Meanwhile, the Industrial Coordination Act (ICA) 1975 has liberalised the NEP to be more accommodative towards non-Bumiputra and foreign business communities (Heng 1997). Some foreign direct investors hold a majority of shares as part of strategic investment. Multinational firms also hold significant ownership in their subsidiaries listed on Bursa Malaysia (Mohd Abdullah & Ayoib 2013).

According to Shleifer and Vishny (1986), large shareholders have the incentives and resources to monitor management's decisions and reduce agency costs in firms with concentrated ownership. The large shareholders tend to exercise tight control and bear the monitoring cost since this relates to the risks and returns of their investments. In this type of firm, agency problems may exist between the controlling owners as insider owners and other stakeholders such as the minority shareholders. In such cases, corporate control by the minority shareholders tends to be weak due to their limited power in controlling the management as well as low accessibility to information. The recent report from the observance of standard and code

of corporate governance (The World Bank 2005) stated that foreign-controlled companies in Malaysia paid a high portion of their profits in the form of dividends. Foreign institutional investors through their share ownership also provide capital, managerial expertise and monitoring effort on managers. Therefore, foreign ownership in emerging economies might improve firm performance and enhance efficiency. However, the extent to which they actively seek to monitor and engage management in order to improve firm performance has to be further empirically tested.

The increment of foreign investors has become an important factor in influencing the economy, particularly in emerging markets as the demand for capital in these countries is increasing. In October 1999, Minister of Finance II, Mustapha Muhamad, and the Chairman of the Securities Commission (SC), Ali Abdul Kadir, jointly unveiled the Capital Market Masterplan Malaysia (CMMM). The purpose of this plan was to provide market participants with strategic clarity as far as the vision and objectives for the capital market are concerned. Regardless of the cyclical factors, many aspects of CMMM were implemented. In 2004, the KLSE was demutualized, that is, it was converted to a corporate legal entity under the name Bursa Malaysia and listed on the very exchange that it operated. New stock broking licences were also issued and foreign investment restrictions relaxed, culminating in the decision to allow majority ownership for fund managers and stock broking houses.

In 2005, five foreign financial institutions were awarded licences to operate. These included Credit Suisse, J.P. Morgan, Macquarie Securities, USB AG and CLSA Asian-Pacific Markets. All of these companies could offer institutional services but were restricted from catering to

individuals or the retail end of the market. In addition, one fund management firm, Aberdeen Assets Management, was awarded a licence to operate. Therefore, equity market policies after 2005 have favoured greater openness and globalization. Foreign investors have a strong influence on emerging equity markets due to globalization around the world. This pattern is expected to continue in the future. Foreign ownership can affect firm performance either via direct intervention or indirect supply-demand effects. Foreign investors exert a significant influence due to their large presence in the markets, particularly as they hold more shares compared to the local investors. Boo (2003) stated that some markets are now facing difficulties in attracting foreign investors unless the companies start to pay more attention towards the corporate governance. Mitton (2002) suggested that during the East Asian financial crisis, many focused companies as well as those with higher quality disclosure and more concentrated outside ownership had better performance. As a result, foreign ownership in emerging countries can improve corporate governance, enhance the efficiency and improve firm performance.

Therefore, this study utilises the agency theory in the Malaysian capital market in order to explain the behaviour of foreign investors in monitoring and controlling firms' activities in order to secure their investments. The results are likely to provide richer information with regard to the effects of country specific ownership characteristics with foreign equity ownership and corporate performance. As such, Malaysia as part of emerging economies with the aforementioned characteristics provides a good setting in studying the effect of foreign ownership on firm performance. This study investigated the effect of foreign ownership on firm performance in the Malaysian capital market.

This paper is arranged as follows. The next section discusses the past research and formulation of hypotheses. The section is followed by research method. Section four is the analysis and discussion; followed by Section five, the conclusion of the study.

FOREIGN OWNERSHIP AND COMPANIES' PERFORMANCE

Many companies in Malaysia have significant foreign ownership due to financial liberalization (Mohd Abdullah & Ayoib 2013). Their shares of ownership ranged from low percentage held by institutional shareholders to large block holdings by multinationals in their subsidiaries. Foreign investors have greater international business experiences that enable them to effectively deal with cost and uncertainties in accepting equity partners (Hennart 1991, Padmanabhan & Cho 1996, Jiang & Yamada 2011). Two explanations are generally offered for the behaviour of foreign ownership. Firstly, they select companies in which they have better information. Larger and well established companies would have less information asymmetry and are generally favoured by foreign investors (Dahlquist & Robertson 2001). Secondly, large

foreign multinational ownership may also have real impact on the management and government practices of local public listed subsidiaries and associates. Companies with foreign equity ownership are endowed with superior technical, managerial expertise as well as organizational and financial resources. According to Globerman, Ries, and Vertinsky (1994), the performances of foreign owned firms are superior due to the possession of firm specific advantages. One of the main reasons is that tangible and intangible assets are profitably deployed abroad after being developed domestically and the transaction costs associated with managing single organization across countries are lower than the transaction costs of multiple organizations with different owners.

Previous studies in the emerging and developing economies by Chibber and Majumdar (1999) in India and Wiwattanakantang (2001) in Thailand found that foreign ownership companies showed better performance compared to other types of ownership. The agency theory was utilized to explain the relationship between foreign ownership and firm performance. The findings of this study showed that firm performance has positive relationship with foreign ownership. These are consistent with the predictions of the standard industrial organization theory of foreign investment (Hill 2000). This theory is proposed within a given country and industry context firms in which a higher share of foreign ownership on average has a better performance than their domestic counterparts (Boardman, Shapiro & Vining 1997). According to Demsetz and Leh (1985), foreign ownership with significant control allows the monitoring of activities and reduction in agency costs. In addition, foreign owners tend to be long-term investors and most of the time they are single block shareholders (Douma, George & Kabir 2002). Hence, these advantages provided them with the capabilities and strong incentives to monitor the firms they invested in.

Further, Djankov and Hoekman (2000) found foreign investment's association with the provision for generic knowledge (management skill and quality systems) and specific knowledge (which cannot be transferred at arm's length). Generally, management and governance policies are applied uniformly globally; and subsidiaries of foreign multinational generally have access to managerial talent and skill from the home base that can effectively be deployed to improve firm performance. Another study by Cook and Jeon (2006) found that high foreign ownership is associated with great performance in Korea. Thus, they concluded that foreign ownership plays a prominent role in firm financial policy in emerging market.

According to Sankar and Sankar (2000) the ability in capital, labour and technology provide foreign investor the better position to exploit the advantages to influence firm performance positively. Further, Lee et al. (2006) found the evidence that foreign ownership responds significantly to performance. Consistent with the agency theory, foreign investors with substantial share can play their monitoring role on management and reduce the agency cost. As a result, the firm's performance will increase (Easterbrook

1984; Jensen 1986; Jiang & Yamada 2011). This study states the following hypothesis:

H_1: There is positive relationship between foreign ownership and firm performance.

METHODOLOGY

Data of this study were collected from secondary sources. Accounting information was collected from Osiris database. Ownership data were collected from the list of thirty largest shareholders in annual report, downloaded from Bursa Malaysia website. After considering the incomplete information, 730 usable samples covering three periods from the 2007 to 2009 were utilized. However, companies classified under the finance sector were excluded from this study because of their unique features and business activities, as well as differences in compliance and regulatory requirement. Normality check of the data was also carried out and some of the measures were transformed into logarithm to control for skewed nature of data. As multivariate regression was used to analyze the data in this study, assumptions of multicollinearity, hemoscedasticity and linearity were also tested. The econometric model developed utilized ROA and Tobin's Q as performance indicator. The equation is tested in the current paper and is formally presented below:

$$PERFORM_{it} = \alpha_0 + \beta_1 LFORE_{it} + \beta_2 LSIZE_{it} + \beta_3 GROW_{it} + \beta_4 LEV_{it} + \beta_5 LPRO_{it} + \beta_6 AGE_{it} + \beta_7 PR_{it} + \beta_8 IP_{it} + \beta_9 CP_{it} + \beta_{10} CON_{it} + \beta_{11} TRAD_{it} + \varepsilon_{it}$$

Notes:

PERFORM	Firm performance represented by ROA or Tobin's Q
ROA	Return on Asset of firm
α_0	Intercept/constant term.
LFORE	Log of foreign ownership
LSIZE	Log size (log of total assets)
GROW	Growth
LEV	Leverage
LPRO	Log of profitability
AGE	Firm age
PR	Properties (1 for the firm operated in PR sector, otherwise 0)
IP	Industrial Product (1 for the firm operated in IP sector, otherwise 0)
CP	Consumer Products (1 for the firm operated in CP sector, otherwise 0)
CON	Construction (1 for the firm operated in CON sector, otherwise 0)
TRAD	Trading and services (1 for the firm operated in TRAD sector, otherwise 0)
ε	Error term
i	ith firm
t	ith period

FINDINGS

The results of data stationary normality test using data mean, medium, standard deviation, skewness and kurtosis are shown in Table 1. According to Tabachnick and Fidell (2001), to use of the analysis of variance for the population or samples of observation is assumed to be normally distributed and it is important where to conduct parametric statistical techniques. The population or sample is assumed normally distributed when mean of variables similar to value of medium, skewness value is zero and kurtosis value equal to 3. Skewness and kurtosis are two components in determining normality (Pallant, 2005). The diagnostic test showed that no variable had the value of mean equal to value of median. In addition, the skewness values of variables were mixed both positively and negatively, indicating that their distributions skewed to the right as well as to the left of the curve. Sample is assumed to be normally distributed if skewness value is zero. The kurtosis value of variables showed no variable with a value of 3. Therefore, it indicated that the result violated the assumption of normally distribution.

TABLE 1. Results of normality test

	ROA	TQ	LFORE	LSIZE	GRW	LEV	LPRO	AGE
Mean	0.064	0.617	0.269	5.531	1.422	0.188	4.239	15.396
Median	0.060	0.330	0.000	5.480	0.710	0.060	4.192	13.000
Maximum	11.08	38.000	2.600	7.850	14.900	16.174	6.962	50.000
Minimum	-21.94	-1.350	-3.000	0.780	0.010	-0.062	1.041	0.000
Std. Dev	0.698	1.638	0.704	0.661	1.940	0.877	0.782	11.242
Skewness	-15.280	12.668	-0.732	-0.324	3.014	13.292	-0.022	1.312
Kurtosis	578.334	233.686	6.805	7.998	13.876	203.880	3.868	3.984
SKtest	4378.97	3932.55	357.52	284.39	1413.49	3992.05	28.27	428.90
Probability	0.00*	0.00*	0.00*	0.00*	0.00*	0.00*	0.00*	0.00*

Notes:
The * denotes p-value significance at 1 percent level ($p<0.01$).
ROA = Return on Assets, TQ = Tobin's Q ratio, LFORE = Log foreign ownership,
LSIZE = Log total assets, GRW = Market value of share divided by book value of share, LEV = Total debt divided by total assets, LPRO = Log profit or loss,
AGE = Year of listing.

Utilizing SK test to evaluate the normality for all variables showed that it was significant at 1 percent ($p<0.01$); and this means that all the variables had failed to fulfil the normality assumption. Since the data distribution was not normally distributed, the estimation method of ordinary least square (OLS) to analyse the sample data would produce bias and inefficient estimators. Therefore, the generalized least square (GLS) method of estimation is more appropriate and it is expected to yield a much better result (Gujarati 2003). The issue which involves the variables of non-normal distribution is quite common in research involving large sample size (Pallant 2005). In fact, this argument is agreed by Norusis (2000) and Kleinbaum, Kupper, Muller, and Nizam (1998) whereby variance analysis is not heavily dependent on the assumption of normality since the data is large. As a result, the assumption of normality is not seriously offended since this study covered a large sample size.

This study needs to ensure that the data must be independent of one another. This means, observations or independent variables must not be influenced by other independent variables (Pallant 2005). According to Steven (1996), it is a very serious matter if this assumption is violated. He added that each study must ensure that all observations are independent. This study was based on Pair-wise Pearson correlation matrix for the variables and the results are provided in Table 2.

The analysis starts with the report of the regression using generalized least square (GLS) estimations technique on ROA and Tobin's Q. The F-statistic for both ROA and Tobin's Q models were statistically significant at 1% level. The R^2 indicated values of 0.18 and 0.29 respectively. The adjusted R^2 were 0.17 and 0.28 respectively. The regression analyses using GLS estimation technique are reported in Table 3.

The regression results reported in Table 3 suggest that foreign ownership has a positive relationship with firm performance and statistically significant at 1 percent ($p<0.01$). The coefficient of foreign ownership 0.113 shows that one percent increase in foreign ownership leads to 0.113 percent in ROA. This finding supports hypothesis H1 that higher concentrated foreign ownership companies exhibit higher firm performance; and this is consistent with finding by Cook and Jeon (2006), Lee et al. (2006) and Jiang and Yamada 2011).

Foreign ownership shows a positive and significant relationship with Tobin's Q at 1 percent ($p<0.01$). One percent increase in foreign ownership leads to 0.125 percent in Tobin's Q. This finding supports the hypothesis H2 that the higher concentrated foreign ownership, the higher firm performance. The finding is also consistent with the study done by Cook and Jeon (2006) and Lee et al. (2006). The result showed that foreign investors with substantial equity ownership play their monitoring role on management and reduce agency cost.

According to Djankov and Hoekman (2000), the performances of foreign owned firms are superior to other types of ownership due to firm specific advantages. One of the main reasons is that tangible and intangible assets are profitably deployed abroad after being developed domestically and transaction costs associated with managing single organization across countries are lower than the transaction costs of multiple organizations with different owners.

The findings of this study showed that firm performance has positive relationship with foreign ownership. Hence, these advantages provide them the capabilities and strong incentives to monitor the firms they invested in. Foreign ownership firms may have the access to technical capabilities, financial resources and superior managerial capital. This suggests that foreign ownership firms are efficient, taking advantage of their advanced technology compared to other types of ownership.

The efficient monitoring by foreign investors is possible for a number of reasons. The first one is an increase in information symmetry due to reduction in the problems of hidden actions, adverse selection and invisibility of managerial actions (Chhibber & Majumdar 1999). The second is the increasing economies of scale through acquiring and utilizing information (Dahlquist & Robertson 2001).

TABLE 2. Result of multicollinearity test using Pearson Correlation matrix

	ROA	TQ	LFORE	LSIZE	GRW	LEV	LPRO	AGE
ROA	1.000							
TQ	0.232*	1.000						
LFORE	-0.175*	-0.358*	1.000					
LSIZE	-0.021	0.365*	-0.274*	1.000				
GRW	0.187*	0.774*	-0.366*	0.460*	1.000			
LEV	0.255*	0.003	-0.023	-0.107*	0.003	1.000		
LPRO	0.242*	0.463*	-0.297*	0.657*	0.547*	0.025	1.000	
AGE	0.015	0.263*	-0.277*	0.322*	0.273*	0.020	0.255*	1.000

Notes:
The * and ** indicate correlation are significant at the 0.01 (2-tailed) and 0.005 (2-tailed) levels, respectively.
ROA=Return on Assets, TQ = Tobin's Q Ratio, LFORE = Log foreign ownership, LSIZE = Log total assets, GRW = Market value of share divided by book value of share, LEV = Total debt divided by total assets, LPRO = log profitability, AGE = Year of listing.

TABLE 3. Regression for GLS estimation

Independent variables	ROA		Tobin's Q	
Constant	1.015	0.160	1.724	0.424
LFORE	0.113*	0.036	0.125*	0.043
Control variables				
LSIZE	-0.288*	0.021	-0.429*	0.054
GROW	0.008	0.006	0.181*	0.016
LEV	0.089***	0.010	0.342*	0.025
LPRO	0.165***	0.017	0.151*	0.045
AGE	0.001**	0.001	0.001	0.002
PR	-0.062	0.117	0.198	0.313
IP	-0.075	0.114	0.177	0.306
CP	-0.017	0.116	0.288	0.311
CON	0.041	0.113	0.313	0.301
TRAD	-0.544	0.114	0.513**	0.307
F-statistics	366.85*		623.83*	
R²	0.18		0.29	
Adjusted R²	0.17		0.28	
Durbin-Watson stat	Na		1.512	
Baltagi-Wu LBI (Locally best in variance)	Na		2.390	

Notes:
The * indicates significant at 1 percent ($p<0.01$), ** indicates at 5 percent ($p<0.05$) and *** indicates at 10 percents ($p<0.1$).
LFORE = log foreign ownership, *LSIZE* = Log total assets, *GRW* = market value of share divided by book value of share, *LEV* = total debt divided by total assets, *LPRO* = log profitability, AGE = year of listing, *LIQ* = total current assets divided by total current liability.

CONCLUSION

The findings of foreign ownership matters in the relationship between ownership structure and firm performance are important and interesting. This study has demonstrated that there is a positive relationship between foreign ownership and firm performance based on ROA and Tobin's Q. The findings supported the conjecture that foreign ownership leads to superior firm performance of public listed companies in Malaysia. As a conclusion, foreign ownership firms have a better performance due to their specificity that leads to reduced agency costs and enhanced firm performance.

Thus, this study fills the gap in an empirical knowledge of foreign ownership and performance relationship. Most of the ownership and performance studies are conducted in developed countries. This study adds knowledge to the literature in Malaysia, one of the developing countries. It contributes to the existing ownership and performance literature by providing evidence regarding foreign ownership factor associated with firm performance. This study has several important theoretical implications to the finance and accounting literature in explaining the ownership and performance relationship. This relationship has not been previously examined in other past studies using the perspective offered by this study. This study offers insights to policy makers interested in enhancing the capital market in Malaysia. First, the results of this study suggest that the impact of foreign ownership in the private sector as suggested by the NEP showed some good results. It is also implicitly suggests that the Malaysian government needs to review and modify more effective approaches especially in relation to the firm's ownership distribution that builds the capacity of the economy to face intense competition especially from regional and emerging economies. Second, in the future, when the business environment is becoming more rugged, the Malaysian government will have much less room for bargaining with potential foreign investors. The massive outflow of domestic capital and the lower FDI inflows may put the NEP in the spotlight. As the world becomes more integrated through globalization, there are calls for the NEP methods to be reviewed so that the private sector can deliver a higher growth while meeting the larger restructuring objectives.

The present study has several limitations that may potentially influence the interpretation of the results. These limitations should be considered when interpreting the results or when applying the method of this study in other research settings. First, this study used Malaysian data. As such, care should be taken in generalizing the results to others countries because of different regulations, practices and economic factors. The Malaysian capital market differs from the international markets in terms of size, number of listed firms, and market valuation. However, the findings and policy implications of the study can be extended to other economies where there are similar ownership characteristics. Second, this study attempted to collect data from the annual reports based on the availability of the firms listed on the Bursa Malaysia. These include the main board, second board, MESDAQ market for 2007 and 2008, and extended to the Main Market and ACE market for 2009. The sample is not representative of all listed firms

in Malaysia, thus introducing a size bias. Given the size of the final sample, namely 730 listed companies, selection bias caused by the availability of annual reports or financial variables data should not threaten the results of the study. In order to improve the generalization of the results, future studies can be expanded to bigger samples. Nevertheless, the above limitations highlight rooms for improvement in future research in ownership and performance relationship and do not underestimate the value of this research. As long as this research follows a rigorous process and achieves its objectives, the usefulness of this research is not questionable.

This study has a number of areas to be explored for future research. First, this study was not conducted to account for the endogeneity issue; thus, future research could address this issue further. In order to avoid endogeneity and unobservable heterogeneity using panel data methodology, the generalized method of moment (GMM) estimation method can be utilized. This method allows the researchers to control the problems of endogeneity by using instruments. Second, in Malaysia, further investigation should be done as to find out other types of ownership such as family-owned companies and their effects on firm performance. In addition, the theoretical models on the link between ownership structure, firm performance and investment decision are still sparse. Therefore, subsequent studies should concentrate on examining the links of ownership structures, firm performance and the underinvestment and overinvestment on firm valuation.

REFERENCES

Boardman, A. E., Shapiro, D. M., & Vining, A. R. 1997. The role of agency costs in explaining the superior performance of foreign MNE subsidiaries. *International Business Review* 6(3): 295-317.

Boo, Y. K. 2003. Corporate governance in Malaysia. Asian Development Institute (ADBI). Working paper. Retrieved: April 20, 2006.

http://www.adbi.org/files/2003.11.10.corporate.governance.malaysia.pdf

Chibber, P. K. & Majumdar, S. K. 1999. Foreign ownership and profitability: Property rights, control and the performance of the firms in Indian industry. *Journal of Law and Economic*, 42: 209-238.

Cook, D. O., & Jeon, J. Q. 2006. Foreign ownership, domestic ownership and payout policy. Working paper. Retrieved: January 4, 2007. www.fma.org.

Dahlquist, M. & Robertson, G. 2001. Direct foreign ownership, institutional investors and firm characteristics. *Journal of Financial Economics* 59: 413-440.

Demsetz, H., & Lehn, K. 1985. The structure of corporate ownership: Causes and consequences. *Journal of Political Economy* 93(6): 1155-1177.

Djankov, S., & Hoekman, B. 2000. Foreign investment and productivity growth in Czech enterprises. *World Bank Economic Review* 14(1): 49-64.

Easterbrook, F. 1984. Two agency – cost explanations of dividends. *American Economic Review* 74(4): 650-659.

Gujarati, D. N. 2003. *Basic Econometric*. 4th edition. New York: McGraw-Hill Higher Education.

Heng, P. K. 1997. The new economic policy and the Chinese community in Peninsular Malaysia. The Developing Economies 35(3): 262-292.

Hennart, J. F. 1991. The transaction cost theory of joint venture: An empirical study of Japanese subsidiaries in the United States. *Management Science* 37(4): 483-497.

Jensen, M. 1986. Agency costs of free cash flow corporate finance and takeovers. *American Economic Review* 76(2): 323-329.

Jiang, H., & Yamada, T. 2011. The Impact of international institutional investor on local equity prices: reversal of the size premium, *Financial Analysis Journal*, *67*(6), 61-76.

Kleinbaum, D. G., Kupper, L. L., Muller, K. E., & Nizam, A. 1998. *Applied Regression Analysis and Other Multivariate Methods*. 3rd edition. Pacific Grove, CA: Duxbury Press.

Lee, Y-T., Liu, Y-J., Roll, R., & Subrahmanyam, A. 2006. Taxes and dividend clientele: Evidence from trading and ownership structure. *Journal of Banking and Finance* 30(1): 229-246.

Mitton, T. 2002. A cross-firm analysis of the impact of corporate governance on the East Asian financial crisis. *Journal of Financial Economics* 64(2): 215-241.

Mohd Abdullah, J. & Ayoib C. A 2013. Managerial ownership, audit quality and firm performance in Malaysia. *International Journal of Art and Commerce* 2(10): 45-58.

Norusis, M. J. 2000. *SPSS 10.0 Guide to Data Analysis*. Englewood Cliffs, NJ: Prentice Hall Inc.

Padmanabhan, P., & Cho, K. R. 1999. Decision specific experience in foreign ownership and establishment strategies: Evidence from Japanese firms. *Journal of International Business Studies* 30(1): 25-44.

Pallant, J. 2005. *SPSS Survival Manual: A Step by Step Guide to Data Analysis Using SPSS for Windows (version 12)*. 2nd edition. Sydney: Open University Press, Ligare Pty Ltd.

Sarkar, J., & Sarkar, S. 2000. Large shareholder activism in corporate governance in developing countries: Evidence from India. *International Review of Finance* 1(3): 161-194.

Shleifer, A., & Vishny, R. W. 1986. Large shareholders and corporate control. *Journal of Political Economy* 94(3): 461-488.

Steven, J. 1996. *Applied Multivariate Statistics for the Social Sciences*. 3rd edition. Mahway, NJ: Lawrence Erlbaum.

Tabachnick, B. G., & Fidell, L. S. 2001. *Using Multivariate Statistics*. 4th edition. New York: Harper Collins.

The World Bank. 2005. Report on the observance of standards and codes (ROSC) of corporate governance. Corporate governance country assessment: Malaysia. Retrieved: August 21, 2008. http://www.worldbank.org/ifa/rosc_cg_malaysia.pdf.

Wiwattanakantang, Y. 2001. Controlling shareholders and corporate governance value: Evidence from Thailand. *Pacific Basin Finance Journal* 9(4): 323-326.

Zainal Abidin, M. 2011. The New Economic Policy: Impact on the private sector. In *Malaysia: Policies & Issues in Economic Development*, edited by ISIS, 473-494. Kuala Lumpur: Institute of Strategic and International Studies (ISIS) Malaysia.

Mohd Abdullah Jusoh
Faculty of Management and Economics
PY 29, Aras 3, Blok 10,
Kampus Sultan Azlan Shah
Universiti Pendidikan Sultan Idris,
35900 Tanjong Malim,
Perak, Malaysia