ISSN 2348-3156 (Print)
International Journal of Social Science and Humanities Research ISSN 2348-3164 (online)
Vol. 5, Issue 1, pp: (343-350), Month: January - March 2017, Available at: www.researchpublish.com

The Financial Performance of GLCs and Non-GLCs in Malaysia

HARTINI BINTI MOHD NASIR

Meiji University, Japan

Abstract: **Malaysian Government–linked Companies (GLCs) are part of the government policies in developing the nation. Due to GLCs role and significant presence in the market, issues on GLCs and Non-GLCs financial performance is often a question mark. Hence, the current study aims to contribute to the body of knowledge on the factors that have an impact on GLCs performance, in comparison with Non-GLCs. Specifically, the present study analyzed the factors that have different impact on the financial performance of GLCs and Non-GLCs such as GLCs social obligations, corporate governance, and market structure. Based on the matched sample of 39 GLCs and 39 Non-GLCs listed on the Main Board of the Bursa Malaysia over a 5-years period of 2011 to 2015, this study found that there is no significant difference in financial performance measures (ROA and ROE) between these two groups of companies. This study concluded that despite the GLCs social obligations that negatively affected its financial performance, there is no significant difference in the financial performance between these two groups of companies due to the crowd out of private investment (Non-GLCs) in the market that positively affected the financial performance of GLCs.**

Keywords: **GLCs, social obligation, corporate governance, private investment, crowding out.**

1. INTRODUCTION

Malaysia high economic growth in the 1980s and early 1990s is due to its political stability that resulted from an active government role in ensuring the harmonization among races in this multi-racial country. The government role includes the introduction of the New Economic Policy, with the aim of resolving the issues of development and social concerns. Through this policy, few public corporations were established, and these entities are currently known as Government-linked companies (GLCs), which is defined by the government as "business entities that the government has a controlling stake" (Ministry of Finance (MOF), 2007). The Asian Financial Crisis (AFC) 1997/1997 has severely hit GLCs performance. Therefore, the government has introduced a ten-year GLCs transformation program from 2004 to 2015 in a bid to improve its governance, performance, and competitiveness. After the program, GLCs is expected to perform beyond the economic and financial benefits to shareholders, including to benefits all stakeholders and contribute to Malaysia's future. While the initial set up of these GLCs was to support countries development and social concern, in recent times, its presence in the market is significant. As at December 2015, 17 largest GLCs have a market capitalization of USD 125 billion (Putrajaya Committee in GLC High Performance (PCG), 2015). GLCs are presence in almost all industries, and some GLCs are dominant in the industries and crowd out private investment in Malaysia (Menon and Ng, 2013; The National Economic Advisory Council (NEAC), 2010). The private investment remains sluggish since the AFC. Therefore in 2010, the government launched the New Economic Model among others to reenergize the private investment and rationalize the government role in business (NEAC, 2010). Therefore, the primary purpose of this study is to analyze the factors that led to the difference/similarities in the financial performance between GLCs and non-GLCs. The first objective is to investigate factors such as social obligations, corporate governance and market structure that are related to the performance of Malaysian GLCs and non-GLCs. Then, the second objective is to assess any difference/similarities in the financial performance between GLCs and non-GLCs.

Research problem on the GLCs social obligation and crowding out involves a content analysis on government reports and other sources of information to reaffirm GLCs social duties and the crowding out of private investment that has an impact on the market structure. Then, by using data on listed GLCs and non-GLCs from 2011 to 2015, this study conducted an empirical analysis to see the difference in the financial performance of GLCs and non-GLCs and finally made a conclusion. Limited research on the factors that has an impact on the difference or similarities in the financial performance of GLCs and Non-GLCs is the motivation for this study. Previous researchers studied on SOEs/GLCs financial performance, in comparison with the private sector (Ab Razak, Ahmad and Joher, 2011; Najid and Rahman, 2011; Bhatt, 2016; Ang and Ding, 2006). Other local researchers studied on GLCs performance in relationship with degree and type of government ownership (Lau and Tong, 2008; Muhamed, Stratling and Salama, 2014) and board mechanism (Haniffa and Hudaib, 2006; Bin and Yi, 2015). As known to date, there is no study of the factors that makes the difference or similarities in GLCs and non-GLCs financial performance, particularly concerning the crowding out of private investment issues due to GLCs presence.

This study found that there is no significant difference in the financial performance between GLCs and non-GLCs. Therefore, it can be concluded that the combination of factors such as GLCs social obligations and crowding out impact on the market structure favoring GLCs led to the insignificant difference between the financial performance of GLCs and non-GLCs. In 2015, GLCs has more politician/government official (negative), and professional on its board than the non-GLCs board has. Therefore, it can be concluded these board structures may not led to the difference in the financial performance between GLCs and non-GLCs. Concerning the market structure, Menon and Ng (2013) concluded that there is a crowding out of private investment due to GLCs presence. Therefore, the market structure is in favor of GLCs that may contribute to the difference in the financial performance of GLCs and non-GLCs. The finding of this study will contribute to the comprehensive knowledge of government intervention and its effect on GLCs performance in comparison with private companies. While the government aims to improve the performance of GLCs, crowding out of private investment caused by GLCs presences is equal importance for achieving Malaysian government aims to be a high-income nation in 2020.

The rest of the paper is organized as follows: Section 2 described the GLCs, the impact of social obligations, market structure and board structure on GLC performance. Section 3 explains the research methodology used for this study. Section 4 analyze and discuss the result. Section 5 concludes the study.

2. LITERATURE REVIEW

2.1 Background of GLCs:

Malaysian Public Enterprises (PEs) are used in government internal resource configurations to achieve socio-economic objectives (Gomez, 2009; Malaysia Economic Planning Unit (EPU) website). Some of these PEs legal forms have changed to stock companies while some others were created for strategic purposes. Other than this, the government or its proxies made a substantial investment in enterprises that allow the government to exercise control. These companies are now known as GLCs, where the government defined it as ‘companies that have a primary commercial objective in which the government has a direct controlling stake' (PCG, 2005). In this context, the controlling stake is defined as ‘the government's ability (not just percentage ownership) to appoint board members, senior management, and make major decisions (e.g. contract awards, strategy, restructuring and financing, acquisitions and divestments, etc.) for GLCs, either directly or through the government proxies’ (PCG, 2005). These government proxies are called Government-linked Investment Companies (GLICs), defines as the federal government entities that allocate some or all of their funds to invest in GLCs (PCG website). The evolution and history of GLCs can be divided into four phases; nationalization, corporatization, recapitalization and restructuring and development of internationally competitive financial institutions (PCG, 2015). The first phase is linked with the takeover of Colonial companies to assume control. Then in the second phase, the government corporatized some government departments, and these entities have adopted private sector practices to improve efficiencies. The last two phases were related to the Asian Financial Crisis (AFC) that has severely hit GLCs financial performance. Following the crisis, the government launched a ten-year GLCs Transformation Program (GLCTP) in May 2004, in a bid to improve the performance and governance of GLCs. To date, GLCs presence in almost all industries where 17 substantial GLCs have a market capitalization of USD17 billion.

La Porta, Lopez-de-Silanes and Shleifer (1999) categorizes companies according to ultimate owners into four groups; a family or individual, the government, widely held financial institutions, and widely held corporations. According to this definition, Non-GLCs is companies that are not owned by the government but by private shareholders; family and individual, financial institutions or corporations. Concerning the legal status, both GLCs and Non-GLCs are entities incorporate under the Malaysian Companies Act, where their structure consists of the board and the management. However, regardless of the similarities in company structure and regulatory body, in GLCs, the government can exercise its control in the major decisions, which is not the case in Non-GLCs. Concerning their financial performance, specific companies' characteristics are the most founding factors. As been studied in Greece and Africa, company's leverage, size, age, export activity, location, and efficient management have an impact on companies' financial performance (Liargovas and Skandalis 2010; Mbo and Adjasi, 2014). However, due to government controlling stake in GLCs, other factors matters concerning a significant or insignificant difference in the financial performance between GLCs and non-GLCs that will be discussed in the sections.

2.2 Social obligations:

Government ownership in companies is to maintain control for pursuing political targets, economic development at national or industry rather than company level, or of political support (Shleifer and Vishny, 1994; Shen and Lin, 2009). Hence, the link between ownership structure and firm value needs to be examined in conjunction with the main elements of a company's operating environment, such as socio-economic policies, governmental intervention, law, and regulations. (Tam and Tan, 2007). Concerning Malaysia, the government views their ownership in GLCs as a mechanism to be part of the economic activities rather than maximizing the value of GLCs (Rasli, Goh and Khan, 2013). Dahlan (2010) examined four Malaysian GLCs and concluded that GLCs are facing the problem in balancing the profitable goals and social agenda mandated to them. He further found that there is mix view on whether GLCs operate as a profit making entity and discharge their social obligations (Dahlan, 2010). On the other hand, private companies purpose, mission objectives are to be profitable and maximizing their shareholder's value (Wong, 2004). Therefore, they are more competitive, innovative and more costs conscious (Boycko et al., 1996; Boubakri and Cosset, 1998; Shleifer, 1998; Dewenter and Malatesta, 2001; Sun and Tong, 2002). Other than this, GLCs are more regulated than the private companies as to align their objectives with the government agendas that may not work for the goal of maximizing profit and politicians may require government companies to hire more workers than needed or to maintain excess employment at the expense of firm performance.

2.3 GLCs presence and market structure:

Private investment has been the primary source of Malaysian growth in the late 1980s. It was rising consistently from 1987 to 1997 to over 30% of the Gross Domestic Product (GDP) (Guimaraes and Unteroberdoerdter, 2006). Then following the AFC, the private investment collapsed to 7.7% of the GDP (Menon, 2011). However, the Bank Negara Malaysia (BNM), the central bank of Malaysian in 2015 reported that private investment remains sluggish until today (NEAC, 2010; Menon and Ng, 2013). In the case of Malaysia, the government through its proxies has stakes in GLCs thus holds a vested interest in ensuring that GLCs succeed. Based on the research by Menon and Ng (2013), they argued that the government preferential treatment given to GLCs as well as their less credit constrained than private competitors allows GLCs to profitably increase investment in sectors where they already have a significant presence (Menon and Ng, 2013). Therefore in some industries, GLCs presence discouraged private investment (NEAC, 2010, p.5). In 2010, the government admitted that this is due to the unfair advantage over private companies (NEAC, 2010, p. 121). A study by Menon (2012) argued that due to the GLCs significant market capitalization, they possess market power that discourages the entry of private investment. A further empirical study by Menon and Ng (2013) discovered that some industry dominance GLCs has crowded out private investment between the years 2007 to 2012. As Molyneux, Goddard and Wilson (2004) argued, market concentration weakens competition by fostering collusion among few companies and resulting in above-normal profits. The degree of concentration negatively impacts competition but is positively associated with profits—the larger the market level, the less the degree of competition and higher the profits.

2.4 Corporate Governance –Board of Directors structure:

Fama and Jensen (1983) explained that agency problem happens when there is a separation between decision-making and residual risk bearing and concerned with resolving problems that can occur in an agency relationship. Corporate governance that is defined as 'the system by which companies are directed and controlled' could mitigate agency problem

(The Financial Aspects of Corporate Governance (1992). However, in government companies' structure, there is second agency problem; politician/bureaucrats self-interest where they are in a position to exert influence on them (Wong, 2004, p. 8-9). Therefore, as the owner, the government can pursue their interests at the expense of other shareholders by reducing the effectiveness of the monitoring capacity of the board. For example, Yu and Zheng (2014, p. 203) found that government is prone to appoint politically connected directors without professional backgrounds in Chinese SOEs. As discovered by Fan, Wong, Zhang (2007, p. 353), politically connected Chief Executive Officers do not enhance a firm's efficiency but rather confirms the goals of the politicians.

The ultimate objective of corporate governance is to realize the long-term shareholder's value while taking into account other stakeholders' interest. Concerning this, the board of directors (board) of a company is the critical decision control devices in financial mutual and is regard as one of the corporate governance elements that can be used as a control mechanism in reducing agency problem (Fama 1980, p.293; Fama and Jensen, 1983, p.311). As been concluded by Mbo and Adjasi (2014), the strong board drives the performance of African SOEs. In the Malaysian context, the government launched the GLCs transformation program initiated in 2004, in which the program emphasized on the improvement in the board structure of GLCs. For example, the program proposed that company's boards should have members consisted of various expertise to steer companies and enhance performance (PCG, 2006). As mentioned by Hamid (2008), more directors with professional qualifications would be an advantage to the company, and this could enhance performance. Thus, in a recent study, Nasir (2017) studied on the GLCs board structure after the transformation program found that the number of professional directors in GLCs has improved from 2004. Other than this, the board structure of GLCs and Non-GLCs are difference concerning the presence of politician/government official on the board of GLCs, which is linked to politician/bureaucrats self-interest. With this regard, Muhamed et al. (2014) discovered that the presence of politician on GLCs board negatively affects its performance. In addition to this, while the government through the transformation program plan to move away from government from GLCs (PCG, 2015), a study by Nasir (2007) found that there is no significant difference in the number of politician/government official on GLCs board between 2004 and 2015. She further concluded that while there are also more politician/government officials in GLCs, there are also more professional in GLCs board, as compared to Non-GLCs.

3. RESEARCH METHODOLOGY

This study investigated the GLCs social obligation, corporate governance (board structure) between GLCs and Non-GLCs, GLCs presence in the market and compared GLCs performance with non-GLCs. About the analysis of GLCs social obligations, corporate governance and presence in the market and crowding out of private investment issues, this study uses exploratory qualitative research methodology. Hence, this research extensively uses secondary data from various past researchers, economic reports, company annual reports as well as articles from journals, working papers, and books. This study focuses on the federal-level GLCs and Non-GLCs that are listed on the Main Board of Bursa Malaysia, to enhance the reliability of information obtained since these companies are required by law to publish their annual report and accounts. Accordingly, data on GLCs and non-GLCs financial performance were obtained from the Annual Reports of these two groups of companies. Hence, the information on Return on Asset (ROA) and Return on Equity (ROE) of GLCs and non-GLCs from 2011 to 2015 are employed, and this study used statistical analysis to see the difference in their financial performance.

3.1 Data selection:

Data distribution for the present study excluded financial institutions and trust companies due to different regulatory requirements, similar to the study by Ab. Razak et al. (2011), Haniffa and Hudaib (2006) and Muhamed et al. (2014). The number of GLCs and corresponding non-GLCs after controlling specific variables such as age, size, profitability and sectors are 78 companies. This study analyses the normality of the data to investigate whether the data is normal distribution or not. Based on the test that has been performed using SPSS, it concluded that the data were not normally distributed. Hence, this study used non-parametric Mann-Whitney U test, a statistical test of a non-parameter type that is commonly used for comparing two independent samples when the outcomes are not normally distributed.

3.2 Performance measures:

In comparing the financial performance of GLCs and non-GLCs, this study disregards market-based measures as they can be affected by many uncontrollable circumstances (Gani and Jermias, 2006). Thus the measures used in this study are

ISSN 2348-3156 (Print)
International Journal of Social Science and Humanities Research ISSN 2348-3164 (online)
Vol. 5, Issue 1, pp: (343-350), Month: January - March 2017, Available at: www.researchpublish.com

ROA and ROE. ROA is measured as net income divided by the end of year total assets. This test is more suitable in a country where the capital market is imperfect, and the level of the debt-equity ratio is usually high (Chang and Choi, 1988). To examine how much profit is obtained by using shareholders' investment in a company, ROE will provide the sum of net income as a percentage of shareholders' equity. According to Thompson and Yeung (2001), Both ROA and ROA are displayed in percentage where the higher the percentage, the better state of the company regarding performance. In measuring the performance of companies, both variables widely employed in measuring firm performance, as been used in studies by Rahman and Haniffa, Muhamed et al. (2014) and Bhatt (2016).

4. ANALYSIS

As mentioned previously, GLCs social obligation is related to pursuing political targets, economic development at national or industry rather than company level, or of political support (Shleifer and Vishny, 1994; Shen and Lin, 2009). GLCs in Malaysia continue to be to be part of the economic activities rather than maximizing the value of GLCs (Rasli, Goh and Khan, 2013). Therefore, in comparing the performance of GLCs and Non-GLCs, this social obligation has negatively affected GLCs financial performance, in comparison with Non-GLCs as Non-GLCs are not obliged to perform a social role. Concerning the board structure, professional directors positively affected the performance of companies (Hamid, 2008), while politicians/government officials on board negatively affected GLCs performance (Muhamed et al., 2014). Therefore, with regard to the comparison of board structure GLCs and Non-GLCs study by Nasir (2007) found that there is no significant difference in the number of politician/government official on GLCs board between 2004 and 2015. She further concluded that while there are also more politician/government officials in GLCs, there are also more professional in GLCs board, as compared to Non-GLCs. Therefore, both board structure elements neutralize the impact on GLCs performance, when compare with Non-GLCs performance. The BNM in 2015 reported that private investment remains sluggish until today (NEAC, 2010; Menon and Ng, 2013). Based on empirical analysis from 2007 to 2011 for a total of 443 companies, Menon and Ng (2013) concluded that in some industries, GLCs presence discouraged private investment, as they possess market power that discourages the entry of private investment. As Molyneux et al. (2004) argued, companies market dominant weakens competition and higher the profits. Therefore, it can be concluded that the dominance presence of GLCs positively associated with its financial performance, as compared to Non-GLCs.

4.1 Descriptive statistic:

This study examined the difference in ROA and ROE of 39 GLCs and Non-GLCs from 2011 to 2015. The means and variables for the variables are presented in Table 1.

Table 1

	2011		2012		2013		2014		2015	
Mean	GLC	NGLC	GLC	NGLC	GLC	NGLC	GLC	NGLC	GLC	NGLC
ROA	5.8944	6.3164	4.6687	8.3587	5.7997	7.3533	4.1203	7.3203	3.4095	6.7018
ROE	11.204	13.680	12.725	26.111	12.086	18.774	9.267	19.929	8.854	20.102

Variance

ROA	85.84	155.87	147.088	102.301	74.74	9117.02	71.94	69.12	154.76	85.86
ROE	282.49	696.166	657.93	544	362.48	1871.10	393.01	2247.46	696.3	2950.98

It is apparent from the first-row column 1 of Table 1 that the ROA mean for GLCs is lower than in Non-GLCs in all years from 2011 to 2015. Similarly, with regard to ROE in row 2, GLCs has a lower mean than Non-GLCs in various years. However, to see whether the difference in ROA and ROE between GLCs and Non-GLCs is significant or not, Mann-Whitney U is a suitable test and result will be discussed in the next sections.

4.2 Mann-Whitney U Test:

A statistical test of non-parametric type is used when the data are not normally distributed or when the sample size is small. As the result has shown that the data is not normally distributed although the sample size is not small, this study used the Mann-Whitney U test in order to examine the significant whether there is a significant difference between GLCs and Non-GLCs with respect to ROA and ROE, as displayed in Table 2 and Table 3.

Table 2

ROA

Mann-Whitney U Test	**2011**	**2012**	**2013**	**2014**	**2015**
Value of U	713.5	640.5	578.5	610.5	616
Z-Score	-0.46469	-1.19421	-1.8138	-1.49401	-1.43905
P-value	0.64552	0.23404	0.0703	0.13622	0.14986

Table 3

ROE

Mann-Whitney U Test	**2011**	**2012**	**2013**	**2014**	**2015**
Value of U	734	707	643	664.5	661
Z-Score	-0.25983	-0.52965	-1.16923	-0.95437	-0.98934
P-value	0.79486	0.59612	0.242	0.34212	0.32218

The Mann-Whitney U Test for variables in GLCs and non-GLCs in Table 2 and Table 3 show that the significant level of 1 tailed is more than 5% as shown in P-value, indicating that there is no statistically difference in variance between GLCs and Non-GLCs in various years from 2011 to 2015.

5. CONCLUSION

GLCs play a major role in the social and economic development of Malaysian. Due to its importance, their governance, performance, and presence in the market are often debated among scholars and policy makers. With the introduction of GLCTP, the government expects there is an improvement in GLCs performance. However, regardless to this, GLCs presence should not crowd out private investment, as been studied by Menon and Ng (2013). In this study, it is concluded that despite the social role that GLCs has to oblige which negatively impact its performance, there is no difference in the performance of GLCs and Non-GLCs with regard to ROA and ROE between 2011 and 2015. This study concluded that this insignificant difference is due to crowd out of private investment that favoring GLCs regarding market structure, thus improved GLCs performance, in comparison with Non-GLCs performance.

REFERENCES

[1] Aloy Niresh, J. and Velnampy, T. (2014). Firm size and profitability: A study of listed manufacturing firms in Sri Lanka. *International Journal of Business and Management*, 9, (4)

[2] Amran and Ahmad (2013). Effects of ownership structure on Malaysian companies performance. *Asian Journal of Accounting and Governance, 4(2)*

[3] Hamid, A.A. (2008). The corporate governance structure of GLCs and NGLCs and firm performance in Malaysia. Thesis for the degree of Doctor of Philosophy in Accounting (Corporate Governance)

[4] Azmi, I.A.G. and Barrett M.A. (2014). Women on boards and firm performance in Malaysia: Preparing to open the black box. DOI: 10.7763/IPEDR. 2014. V76. 10. Retrieved from www.wbiworldconpro.com/.../ 1367487777_346-Ilhaamie.pdf

[5] Ang, J.S. and D.K. Ding (2006). Government ownership and the performance of Government-Linked Companies: The case of Singapore. *Journal of Multinational Financial Management, 16*, 64-88.

[6] Hartono et al. (2013). Firm characteristics, corporate governance and firm value. *International Journal of Business and Behavioral Sciences, 3(8)*

[7] Bhatt, P.R. (2016). Performance of government linked companies and private owned companies in Malaysia. *International Journal of Law and Management, 58* (2)

[8] Bin, R.L.L. and Yi, L.S. (2015). Board mechanism and performance of Government-linked companies on Bursa Malaysia. Procedia Economics and Finance, 31

[9] Boubakri et al. (2008). Political connections of newly privatized firms. *Journal of Corporate Finance*, *14*, 654–673.

[10] Chang, S. and Choi, U. 1988. Strategy, structure and performance of Korean business groups. *Journal of Industrial Economics*, *37*, (2) 141-158.

[11] Claessens et al. (2008). Political connections and preferential access to finance: The role of campaign contributions. *The Journal of Financial Economics 88,* (3) 554–580. doi:10.1016/S0304-405X(00)00067-2.

[12] Dahlan, AN (2010). The critical success factors for the effective performance of Malaysian government linked companies, DBA thesis, Southern Cross University, Lismore, NSW

[13] Dewenter, K.L., Malatesta, P.H., (2001). State-owned and privately owned firms: An empirical analysis of profitability, leverage and labor intensity. American Economic Review 91, 320–334.

[14] EPU website. Retrieved from http://www.epu.gov.my/en/development-policies/new-economic-policy

[15] Fama, E.F. (1980). Agency problems and the theory of the firm. *Journal of Political Economy*, *88*, (2) 288-307.

[16] Fama, E., and Jensen, M. (1983). Separation of ownership and control. *Journal of Law and Economics, 26*, (2) 301–325

[17] Fraser, Donald R. and Zhang, Hao and Derashid, Chek (2005). Capital Structure and Political Patronage: *The Case of Malaysia. Journal of Banking and Finance*, Available at SSRN: http://ssrn.com/abstract=785911

[18] Gani, L. and Jermias, J. (2006). Investigating the effect of board independence on performance across different strategies. *The International Journal of Accounting 41*(3)

[19] Gomez, E.T. (2009). The rise and fall of capital: Corporate Malaysia in historical perspective. *Journal of Contemporary Asia*, *39, (3).* Retrieved from http://www.tandfonline.com/doi/abs/10.1080/00472330902 944404

[20] Haniffa, R., and Hudaib, M. (2006). Corporate governance structure and performance of Malaysian listed companies. *Journal of Business Finance and Accounting*, *33*, (7-8)1034–1062. doi:10.1111/j.1468-5957. 2006. 00594.x.

[21] Guimaraes, R. and Unteroberdoerdter, O. (2006). What's driving private investmen tin Malaysia? Aggregate trends and firm-level evidence. *IMF Working Paper WP/06/190*

[22] La Porta, R. and Lopez-de-Silanez, F. (1999). The benefits of privatization: Evidence from Mexico. *The Quaterly Journal of Economics*, *114*, (4), 1193-1942

[23] Lau, Y.W., & Tong, C.Q. (2008). Are Malaysian government-linked companies (GLCs) creating value? *International Applied Economics and Management Letters, 1,* (1) 9-12.

[24] Liargovas and Skandalis (2010).Factors Affecting Firms' Performance : The case of Greece. *Global Business and Management Research: An International Journal*

[25] Malaysian Ministry of Finance (2007). Economic report 2007/2008.

[26] Malaysia Minister of Finance (Incorporation) Act 1957. Retrieved from http://www.commonlii.org/my/legis/consol_act/mofa19571989413/

[27] Mbo and Adjasi (2014). Drivers of organizational performance: A State-Owned Enterprise perspective, *for presentation at the Biennial conference of the Economic Society of South Africa, University of the Free State, Bloemfontein, South Africa*, 25-27 September

[28] Molyneux, P., Goddard, J. and Wilson, J.O.S. (2004). The Profitability of European Banks: A Cross-Sectional and Dynamic Panel Analysis. *The Manchester School, 72*, (3), June, 363- 381.

[29] Muhamed et al. (2014). The impact of government investment organizations in Malaysia on the performance of their portfolio companies. *Annals of Public and Cooperative Economics*, *85*,(3) 453–473

[30] Menon, J. (2012). Malaysia's investment malaise: What happened and can it be fixed*? ADB Economics Working Paper Series, Asian Development Bank*

ISSN 2348-3156 (Print)
International Journal of Social Science and Humanities Research ISSN 2348-3164 (online)
Vol. 5, Issue 1, pp: (343-350), Month: January - March 2017, Available at: www.researchpublish.com

[31] Menon, J. and Ng, T.H. (2013). Are government-linked corporations crowding out private investment in Malaysia? ADB Economics Working Paper Series, Asian Development Bank

[32] MINDA website. Retrieved from http://www.minda.com.my/sourcing-placement/director-sourcing/

[33] Najid, N.A., Rahman, R.A. (2011). Government ownership and performance of Malaysian Government-Linked companies. *International Research Journal of Finance and Economics*, *61*, 42-56.

[34] Nasir, H.M. (2017). The impact of the government policy on the governance of the Malaysian Government-linked Companies. *International Journal of Management and Commerce Innovations, 4*, (2), ISSN 2348-7585 (Online)

[35] Vol. 4, Issue 2, pp: (758-768), Month: October 2016 - March 2017, Available at: www.researchpublish.com

[36] NEAC (2010). New Economic Model for Malaysia. Part 1: Strategy policy directions. *Percetakan Nasional Malaysia Berhad*

[37] -New Economic Model for Malaysia: Concluding part.

[38] PCG website. Retrieved from http://www.pcg.gov.my/FAQ.asp

[39] PCG (2005). Catalysing GLC transformation to advance Malaysia's development. Section II- Policy guidelines. Retrieved from www.pcg.gov.my/pdf/2..*%20Section%20II.pdf*

[40] PCG (2006). Catalysing GLC transformation to advance Malaysia's development. Summary of Transformation Manual.

[41] PCG (2006). The Green Book. Enhancing board effectiveness. Retrieved from www.pcg.gov.my/pdf/ greenbook_binder.pdf

[42] PCG (2007). GLCT 2007 Interim progress report.

[43] PCG (2015). GLC Transformation Program Graduation Report. Retrieved from http://www.pcg.gov.my/ PDF/GLCTP%20Vol%201%20Graduation%20Report.pdf on May 2015

[44] Rahman, R. A., & Haniffa, R. M. (2005). The effect of role duality on corporate performance in Malaysia. .*Corporate Ownership and Control*, *2*(2), 40-47.

[45] Ramirez, C.D. and Tan, L.H. (2004). Singapore Inc. versus the private sector: Are government-linked companies different? *International Monetary Fund Staff Papers, 51*, (3) 510-528.

[46] Razak et al. (2011). Does government-linked companies (GLCs) perform better than non-GLCs? Evidence from Malaysian listed companies. *Journal of Applied Finance and Banking, 1, (1)*

[47] Shleifer, A. and Vishny, R.W. (1986). Large shareholder and corporate control. *The Journal of Political Economy, 94(3),1*. Retrieved from piketty.pse.ens.fr/files/ShleiferVishy1986.pdf

[48] Shen W. and Lin L. (2009). Firm profitability, state ownership, and top management turnover at the listed firms in China: A behavioral perspective. *Corporate Governance: An International Review*,17,(4) 443–456.

[49] Sun, Q. and Tong, W.H.S. (2002). Malaysia privatization: A comprehensive study. *Financial Management*, *31*, (4) 79-105

[50] Tam, O.K., Tan, M.G. (2007). Ownership, governance and firm performance in Malaysia. *Corporate Governance: An International Review*, *15*, (2) 208-222.

[51] The Financial Aspects of Corporate Governance (1992). Retrieved January 23, 2017, from www.ecgi.org/codes/documents/cadbury.pdf

[52] Thompson, P. and M. Yeung. (2001). The determinants of transparency for Singaporean listed companies. *Research Paper Series, Division of Business and Management, University of Nottingham*.