

MINORITY SHAREHOLDERS IN MALAYSIA: IS THEIR RIGHT PROTECTED?

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Abstract

Issues on corporate governance can be deliberate from various dimensions. This study explores the issue of governance related to the minority shareholders' in Malaysia. The objective of this study is to describe the protection pertaining to the right of minority shareholders' group through shareholder activism in Malaysia. This study employs a case study technique on two corporate cases selected from banking industry for the year 2008 and 2010. The observation emphasizes on shareholder activism initiated by the Minority Shareholder Watchdog Group (MSWG). It summarizes that retail and dispersed shareholders in Malaysia are moving towards an improved level of rights' protection due to shareholder activism. As far as the minority's right is concern, further improvement is needed to strengthen current legislation framework despite the existence of shareholder activism by MSWG.

Keyword: corporate governance, shareholder activism, minority shareholder, acquisition

Abstrak

Isu pengelolaan perusahaan dapat dipertimbangkan dari berbagai dimensi. Studi ini meneliti masalah pemerintahan yang terkait dengan pemegang saham minoritas di Malaysia. Tujuan dari penelitian ini adalah untuk menjelaskan perlindungan yang berkaitan dengan hak kelompok minoritas pemegang saham melalui aktivisme pemegang saham di Malaysia. Penelitian ini menggunakan teknik studi kasus pada dua kasus perusahaan yang dipilih dari industri perbankan selama tahun 2008 dan 2010. Pengamatan menekankan pada aktivisme pemegang saham yang diprakarsai oleh Pemegang Saham Minoritas Watchdog Group (MSWG). Hal ini merangkum bahwa para pemegang saham retail dan tersebar di Malaysia sedang bergerak menuju tingkat peningkatan perlindungan hak-hak karena aktivisme pemegang saham. Selama hak minoritas diperhatikan, perbaikan lebih lanjut diperlukan untuk memperkuat kerangka undang-undang saat meskipun adanya aktivisme pemegang saham dengan MSWG.

Kata kunci: corporate governance, shareholder activism, minority shareholder, acquisition

JEL Classification: G31, G32

1. Research Background

Corporate governance emerged as important issue since the aftermath of 1997 Asian economic crisis (Backman 2006). The severe economic downturn has contributed towards the increasing effort pertaining to the improvement and upgrading the governance structure in all countries. As far as Malaysia corporate governance reformation is concerned, three sources have significantly contribute to the reformation activity namely the Malaysia Code on Corporate Governance (MCCG) by Finance Committee on Corporate Governance, Capital Market Master Plan (CMP) by Securities Commission and Financial sector Master Plan (FSMP) by Bank Negara Malaysia. Specific plans and initiatives have been identified and implemented through the respective corporate governance sources and monitor by the relevant authorities.

Furthermore, specific entities such as Malaysian Institute of Corporate Governance (MICG) and the Minority Shareholders Watchdog Group (MSWG) had also been established. For example, the MICG was given a mandate to raise awareness and to promote corporate governance (CG) best practices in Malaysia.

Malaysia has been practicing a combined CG mechanisms consist of the internal (control model) and external (market model) mechanisms (Abdul Hadi et al., 2010). According to Abdul Hadi et al. (2010), Malaysia CG mechanisms are considered as comprehensive and have covered a wide spectrum of internal and external governance mechanisms. Thus, this article has extends CG lenses to a different scope of discussion in order to understand the protection coverage beyond the niche of general description or undifferentiated interest groups. In terms of equity ownership, companies' shareholders can be classifies into two groups according to the percentage of their equity ownership, which was recognized as the majority and the minority groups. As the result, CG issue can be deliberated from various perspectives which involve either the major or the minority shareholders' groups. This article has explores the corporate governance in relation to the minority shareholders' group in Malaysia. This is in line with one of the CG reformation recommendations as been identified in CMP, which contain the agenda for strengthening the minority shareholders rights. Thus, the objective of this article is to understand the current state of protection for the minority shareholders through qualitative description on shareholder activism as currently practices in Malaysia. This study employs a case study technique by focusing on merger and take-over cases which involve Malaysian banks in 2008 and 2010. From the analysis, a combined insights regarding protection of minority shareholders will be derive. This article has scopes its discussion towards the shareholder activism conducted by the Minority Shareholder Watchdog Group (MSWG).

2. Literature Review

2.1. Corporate Governance

Globalization has allows freedom in capital movement throughout the world. Domestic and foreign investment is particularly important to provide sufficient resources for the development process. Thus, the ability in providing reasonable assurance of the investment accountability and returns has become basis in rational investment decision-making. Investors' confidence towards the prevailing structures of corporate governance and practices would determine their willingness to participate in particular capital market. This relationship can be learnt from the evolution of US corporate regulations way back in 1930s. Before the securities' market crash in 1929, there was relatively little support for government regulation in US securities markets due to business deregulation (Sridharan et al., 2002). However, after the 1929 market crash, public confidence in securities market had declined. As the result, US government had introduced the Securities Act in 1933 and Securities Exchange Act in 1934 in order to restore public's faith by providing the capital market with structure and oversight mechanism. In 2002, the Congress passed a new act known as the Sarbanes Oxley Act due to the sudden collapsed of Enron Corporation in 2001. The Sarbanes Oxley Act 2002 had been enacted in order to protect public investors and to restore investors' confidence through improvement in financial reporting transparency. Thus, protection of investors' right and investment is becoming increasingly important in the era of globalization. Furthermore, corporate governance should also extent its scope towards protecting and preserving the minority's interest.

Corporate governance (CG) has been defined variously. The Cadbury report has defined CG as "the system by which companies are directed and controlled" (Cadbury 1992: 15). In Malaysia, the Finance Committee on Corporate Governance describes CG as "the process and structure used to direct and manage the business and affairs of the company towards enhancing business prosperity and corporate accountability. The ultimate objective is to realize long-term shareholder value, whilst taking into account the interest of other stakeholders". Basically, CG is

the governing bodies which responsible to the institution, taking into consideration all the matters that affect feasibility, proficiency and ethical character of an entity or organization. Therefore, CG can be interpreted as the process of administering and controlling by board of directors, management, auditors and other control mechanism.

Agency Theory has long serves as the underlying theory that dominates CG discussion. According to Agency Theory agents are assumed as opportunist and must be control (Jensen and Meckling 1976). As the result two CG models, known as the Anglo-Saxon Model and the European Continental Model, had been identified and widely discussed. Both models differ in the nature of control mechanism. The Anglo-Saxon model emphasizes on the use of external control (market mechanism) such as role of institutional investors and threat of merger and take-over; while the European Continental Model relies on internal control mechanism such as directors' remuneration, board composition and management performance based-reward. The choice of model depends on the type of capital market which specifically determined by the level of investors' ownership concentration and power over the management.

Malik (2006) offers a different view on CG. According to Malik, CG is not merely a question of legal design, but it reflects a genuine effectiveness problem. Malik has put his concern on the misunderstanding of many managers and entrepreneurs regarding the prevalence concept and strategy of CG. The basic objection raised by Malik was the wrongly asked question which eventually led to unsuitable direction for the understanding of corporate governance. As explained by Malik (2006), the relevant question for corporate governance thinking should not based on the question of "whose interest to be pursued by company (whether the shareholders or other stakeholders)", but to start with the question of "what is correct corporate management?" and "what does it mean by strong and healthy company?" (Malik, 2006: 27). These alternative questions would lead to accurate behavioural by the management which in line to the best outcome for the company and not to other purpose. A healthy company will automatically derive to other beneficial outcomes such as satisfying the shareholders as well other stakeholders. According to Malik, the ultimate objective for CG is not to increase the company's stock price because neither the stock price nor the shareholders well-being can contribute to the company's sales and profit. Satisfying the need of shareholders and other stakeholders must not be treated as the final aim as it is only reflecting the consequences of doing business successfully (Malik: 32). It is the customer who will pay for the company's product or services that will bring profit to the company. Therefore, the company should able to provide the best choice of product and/or services in order to stay healthy. Thus, any forces to secure the process of providing the best choice should be recognize as the right behaviour with connection to the governance idea. Despite Malik opinion, the main idea of CG remain consistently as ensuring enough control over the management in order to secure correct managerial behavior and eventually enhance the companies' performance.

2.2. Merger and Acquisition (M&A) in Malaysia

As this article has deliberated on shareholder's right due to M&A circumstances, this section will identify current legislation for M&A in Malaysia. The discussion is necessary as the rules and legislation will provide an authoritative framework for preserving minimal protection for all stakeholders. There are many laws and regulations which interplay in governing merger and acquisition (M&A) practices in Malaysia. The Malaysia Companies Act 1965 had specified some provisions for M&A as stipulated in the Section 132C, 132D, 132E and 132G. In addition to the Companies Act, a guideline known as Guideline On The Acquisition of Interests, Mergers and Take-Overs By Local and Foreign Interests had also been established to monitor the M&A activity by local and foreign entities. In the case of public company takeovers, other legal frameworks such as the Securities Commission Act 1993 and Listing Requirements of Bursa Malaysia Securities have also served as the regulatory framework that binds the procedures of

M&A activity. With reference to the discussion banks M&A there are also additional guidelines from the central bank.

The regulations are formulated to protect the interest of affected stakeholders in the event of M&A. However this article will not elaborate on the regulations aspect because the main focus of this article is merely on the protection of minority shareholders which evaluated thorough MSWG actions in two M&A cases. The M&A activity is only contextual rather than substance for this study.

2.3. Minority Shareholders and Shareholder Activism

Based on the number of shares owned, equity ownership can be divided into two groups referred as the majority and minority shareholders. According to Section 55 of Malaysia Companies Act 1965, each share constitutes a voting right which equivalent to one share to one vote. Furthermore, Section 69 (1) of Companies Act has define the majority shareholders as those who hold not less than 5 percent of the aggregate nominal value of all the voting shares in the company. As the result, the holding of less than 5 percent of shares would be classified as the minority shareholders. The basic rights of the minority shareholders are as follows (MSWG 2010):

- a. The right to seek information, such as right to know about the price sensitive information; right to inspect the register of members, directors, charges, debentures holders and get copy thereof; right to receive annual report and audited accounts and to be kept fully informed of what is happening in the company.
- b. The right to voice opinion, such as to attend general meetings; to get the court to direct the company to call a general meeting; appointing proxies to attend and vote at the general meeting; to be heard and make proposals at shareholders' meeting; to vote and elect directors and fix their remuneration; and to receive dividend (if declared).
- c. The right to seek redress in circumstances as been described in Section 181 of the Companies Act 1965 and others action under the rules of High Court.

However, the question to be addressed is to what extent the minority shareholders are protected by current practices in Malaysia? Are the existing structures capable enough to protect the rights of retail investors? The important of this investigation is reiterated by La Porta et al. (1998) opinion, who suggested Malaysia as having a relatively low level of investor protection. This has also becomes an important point to describe the nature of protection for the non-substantial shareholders in Malaysia corporate affairs. Furthermore Guan (2005) suggested that market characteristic which would support the enhancement of corporate governance naturally, was not found in Malaysia and therefore posed a bigger threat to the minority shareholders. As the result, shareholder activism could become an alternative devise to protect the minority shareholders right from the irresponsible management as well as the major shareholders.

Shareholder activism refers to the activity of influencing management behavior towards the high standards of governance through power of ownership (Hendrikse and Hendrikse, 2004). The activism can be executed through methods of regular process of reviewing, annual reports, circulars and resolutions, attending company meetings and writing letters to management relating to critical issue in firm's operations or social policies (Kim and Nofsinger, 2005). However according to Kim and Nofsinger (2005), there are two situations which can disrupt the effectiveness of activism regulatory and environment which hinder the activism activity; and institutional investors who are more interested with the short-term performance.

Furthermore, the motivation for institutional investor or other investors to involve in activism could decline due to the activism cost (Murphy and Van Nuys, 1994 as quoted in Rashid and Rashidah, 2009). As the result, according to Rashid and Rashidah (2009: 71), third party monitoring organization can serves as a platform to the coordinated activism over the

targeted firms at lower costs due to economies of scale. Finding from Rashid and Rashidah (2009) stated that MSWG plays important role in addressing agency problems in Malaysia firms and it was found that the targeted firms remained profitable especially in the long run. In addition, according to Lemmon and Lins (2003) study, corporate ownership structure plays important role to determine the incentives for insiders to expropriate minority shareholders especially during the declining phase of investment opportunities. Thus, protection of minority shareholders' is worth to be study especially within the context of low level of investor protection. As suggested by Rashid and Rashidah (2009), this study employs qualitative approach in order to understand MSWG activism in the relevant cases. The following section will discuss on the Minority Shareholder Watchdog Group (MSWG) who had pioneered the shareholder activism in Malaysia.

2.4. Minority Shareholder Watchdog Group (MSWG)

MSWG plays important role in Malaysia shareholder activism. The entity had received financial support from the government with a mandate to spur shareholder activism and to protect the minority interest (http://www.mswg.org.my/pdf/presentation_2008_15082008.pdf). Since its establishment in 2001, MSWG has evolved into a sustainable organization which provides sales of its own products and services to the public investors. One of the monitoring services provided by MSWG comprise of providing proxy advisory and voting services to the minority shareholders including the retail and institutional shareholders. Besides the proxy service, MSWG also provide corporate representative service to actively represent retail investors' interest during public-listed companies (PLC) general meeting. Despite monitoring services, MSWG also conduct series of education programme to educate the public to be an informed investors and capable of exercising their rights effectively. Table 1 provides information on MSWG services' subscribers for the year 2008 and 2009.

Table 1. MSWG Services Subscriber

	2008	2009
Individual Subscribers		
- Local	1,000	1,300
- Overseas	100	130
Corporate subscribers		
- Local	100	130
- Overseas	20	30

The latest and significant contribution of MSWG was to initiated the development of Malaysian Corporate Governance Index (The Star 2009). The Malaysia Corporate Governance Index had been launched officially in 2009. The index will rate top 100 public listed companies (PLCs) in terms of their corporate governance practices which include international best practices (<http://www.mswg.orgmy/project/mswg/media/2010/01/28/172058-378.pdf>). It is designed to identify company that complies with the disclosure standards, fair and transparent to its stakeholders as well as demonstrating strong financial performance. Such rating would be useful for investors to evaluate the corporate governance of the relevant companies before making investment decision.

3. Research Method

Two M&A cases have been observed as the study subject. According to Babbie (2004: 293), in case study the researcher would focus on one or few instances of some social phenomenon. Furthermore, case study can form the basis for the development of a general nomothetic theory. Malaysia case was chosen for this study due to its government has emphasized on improving its capital market environment for all investors including the minority

shareholders. The high commitment on preserving rights of the minority group had eventually led to the establishment of MSWG in 2001. MSWG had received funding from the Capital Market Development Fund (CMDf). Thus, the government support had justifies the need to evaluate current status of protection for the minority shareholders' group in Malaysia. In addition according to La Porta et al. (1998), Malaysia is considered as one of the countries with a low level of investor protection. Thus it has arise a necessity to evaluate current situation within the scope of minority shareholders. The two cases were examined as the subject of analysis in order to gather understandings of MSWG actions within the scope of protecting the minority rights. The data had originated from the "press-release section" in the MSWG official website (<http://www.mswg.org.my/cms/media-releases/articles-and-commentaries>) and the business segment in one local newspaper.

According to Babbie (2004: 318), content analysis is essentially a coding operation implemented either through the manifest content or latent content. The manifest content refers to the visible, surface content of the recorded communication, while the latent content refers to the underlying meaning that does not depend on word (item) frequencies. The data in this study was analyzed thorough the manifest content in order to extract understanding on potential issues for minority's expropriation; and MSWG responds which considered in the mode of protecting the best interest of the minority shareholders' group. The first case involve a take-over saga between *XXX-Cap Bank* and *AAA Bank* which took place during the first quarter of 2010. The second case involve a decision of equity investment in an oversea bank (known as *JJJ Bank*) which eventually exposed the taker (one of the largest bank in Malaysia known as *ZZZ Malaysia Bank*) to billions of loss in 2008. The two cases were selected as they were the most debacle bank M & A in Malaysia for the particular year.

4. Result and Discussion

4.1. Case 1: Takeover of *XXX Bank* by *AAA Bank*

Analysis on MSWG actions had been presented accordingly to case 1: Takeover of *XXX Bank* by *AAA Bank* and case 2: *ZZZ Malaysia Bank* proposed take-over of *JJJ bank*. The saga in *XXX Cap - AAA Bank* has created scrutiny focus on the right of different shareholders in a public listed companies (PLC) equity ownership. The saga started with the rejection of *AAA* offers worth of RM 4.92 billion or RM 7.10 per share on cash basis for the acquisition of *XXX-Cap*. The offer had been rejected due to the under-priced reason which influenced by *SSS Ltd* who had owned 20.2 percent of stake in *XXX Cap*. At the same time, there were other majority shareholders who had interested with the offer and keen of selling their stakes in the group. The three shareholders are Mr. R who owns 15.5 percent in *XXX-Cap*, Mr. T (17.1 percent) and *KM Ltd* (10 percent).

Mr. R was interested with *AAA* offer and had eventually called for *XXX-Cap* extra-ordinary general meeting (EGM). The purpose of the EGM was to appoint eight (8) new directors who will dilute the power of current *XXX-Cap* board and thus promoting Mr. R interest (Tan 2010 and Ang 2010). The proposed appointment would increase the board from 12 directors to maximum of 15 directors and was recognized as strategy for diluting *SSS Ltd* influence over the *XXX-Cap* board. Under section 145 of the Companies Act 1965, shareholder who hold at least 10 percent of the voting rights in the company is allow to call for an EGM. As far as this context is concerned, the majority shareholder has a power to convene an EGM in order to remove and/or install new directors to represent their interest.

Issue: The independence of the proposed new directors.

Action taken by MSWG:

- a. MSWG had wrote to the central bank to emphasize its concern over few matters including the "rush manner" of EGM which ahead the central bank's written consent.

Furthermore, it was also reported that MSWG had also wrote to *XXX Cap* board to seek assurance on the independency of the proposed new directors who could tilt the balance of the board (as reported by Gabriel 2010).

- b. From the MSWG official website in the “media release /news & commentaries” segment, it was found that the body had conducted media release on the pertaining issue as published on the 27th January 2010 in at least two local newspapers.

Table 2. Relevant Issues In *XXX-Cap* AGM/EGM

No.	Relevant Issues
1	Could the Board clarify whether the proposed directors have obtained prior written consent from central bank as stipulated under the Banking and Financial Institutions Act 1989 (BAFIA)?
2	Has the normal internal process on directors’ nomination and recommendation for appointment undertaken by the nominating committee (NC) been bypassed, and if so, how would the NC now view these appointments?
3	Would the proposed additional directors be considered independent or nominee directors? If dependent could declarations and assurance be given to shareholders that they would act in the best interest of the company as independent directors?
4	What is the rationale for the significant enlargement of the board to comprise 15 board members? Would this be in the interest of shareholders?

- c. MSWG also had announced the “AGM/EGM weekly watched” for public reference and it was published in one of the local premier newspaper. We found that MSWG weekly watch on 22nd to 26th February 2010 had suggested the appointment of eight new directors as the critical issue to be emphasized by investors during the *XXX Cap* EGM. Table 2 shows the concerned issues suggested by MSWG in its “EGM weekly watch” column.

4.2. Case 2: *ZZZ* Malaysia Bank proposed take-over of *JJJ* bank

Due to global market expansion, *ZZZ* Malaysian Bank had entered into an agreement with *BBB* Ltd of Singapore to buy 56% of its equity interest in *JJJ* Bank in country A. The purchase price for the 56 percent stake had worth RM 8.8 billion and RM 4.8 billion had been paid to execute the purchase transaction. Due to global economic turn-moil, the capital market authority of country A had introduced strict regulation that required foreign equity ownership to liquidate at least 20 percent of its equity to the local public. As the result, Malaysia central bank had instructed *ZZZ* Bank to hold the purchase and to discuss for better acquisition price. Moreover, *ZZZ* Bank had entered the purchase agreement with *BBB* Ltd by 20 percent of over-price to the real value of *JJJ* Bank. Thus, the value paid to *BBB* Ltd for the purchase of *JJJ Bank* was criticized as a big loss to *ZZZ* Bank due to the price re-negotiation failure. The exercise period of the transaction was due in September 2008.

Issue: The accountability and due-care of the board in the acquisition decision-making.

Action by MSWG:

- a. From the MSWG official website in the “media release /news & commentaries” segment, it was found that the body had conducted media release on the pertaining issue as published on the 5th November, 7th November, 13th November and 16th November of 2008 in at least two local newspapers.
- b. MSWG also had announced the “AGM/EGM weekly watched” for public reference and it was published in one of the local premier newspaper. We found that MSWG weekly watch on 28th September to 2nd October 2008 had suggested the accountability and responsibility over the acquisition with material impairment charges as the major concern for the *ZZZ* Malaysia Bank EGM. The issues to be concern for the company’s meeting as suggested by MSWG are shown in table 3.

Table 3. Relevant Issues In ZZZ AGM/EGM

No.	Relevant Issues
1	How would the board take accountability and responsibility to its shareholders over the acquisition that had suffered such material impairment charges?
2	Has the board taken into consideration the critical risk factors attributed to the acquisition arising from the due diligence exercise?
3	Does the board anticipate more loan loss provisions at JJJ Bank which totaled RM 366.2 mil in 2009?
4	How does the board monitor the performance of its international operations, particularly the strategic investments in Indonesia, Pakistan and Vietnam to ensure that these banks will deliver a robust set of results to contribute to the group's bottom line as well as benefit from cross-border synergies?
5	How does the board promote a compliance culture for better risk management in view of the growing size and complexity of the group?
6	Why had the board not considered other accounting firms to perform the non-audit services as to assure minority shareholders of auditors' independence?

4.3. Is the Minority Shareholders Protected?

From the above discussion, Malaysia minority shareholders (retail and dispersed shareholders) are progressing towards higher level of protection within current activism practices. The activist role by MSWG through activity of proxy voting, vocal and active representatives as well analyzing and disseminating information regarding action that pose threat to the minority stakeholders group, has relatively able to uphold the minority rights compared to previous condition. As far as the minority shareholders' basic right is concerned, MSWG action in each of the cases has contribute positively to protect their rights to:

- a. Information: This is due to the fact that relevant and critical issues were made publicly available through a widely media coverage;
- b. Voice opinion: This achieve through providing platform for the minority shareholders to appoint MSWG as representative in general meetings and thus enable their opinion to be heard seriously by the management.
- c. Seek redress: The right to seek redress can be realize because any dilemma that lead to an expropriation of minority rights by irresponsible party will be identified and seriously discuss for example through MSWG weekly watch AGM/EGM segment and other published article.

Some challenges that potentially threaten the effectiveness of shareholder activism are:

- a. Shareholder activism may have been conducted on selective range of targeted companies. The public listed-companies (PLCs) may have tendency to receive greater attention as oppose to their unlisted counterparts. Moreover the most dominant company in the market is expected to attract relatively greater attention from the shareholder activist. As the result the activist is expected to focus on the rights' of minority in dominant PLCs rather minority in other entity. MSWG also may have tendency to target the companies which have relatively higher level of institutional shareholdings.
- b. The activism can only create public awareness on the potential of expropriation of minority shareholders' right. However, it is the shareholders that will finally decide on the actions to be taken to protect their rights and investment. There is also situation in which the investors are more concern to short-term return and willing to sacrifice their rights which related to long-term consequences. Furthermore, MSWG has no authoritative or enforcement power to exercise the protection effort mandatorily.
- c. The shareholder activism will also be influence by its leader. The leaders' will and commitment for protecting all minority shareholders' interest is important to

determine the effectiveness of the activism. Thus any conflict of interest, self-interest and bias of perception should be avoided.

Although shareholder activism has empowered the minority and public investors in Malaysia, the role of legislation is undeniable. Due to the identified challenges, legislation must first be upheld to ensure the existence of minimum protection against minority shareholders' right. Thus, it requires improvement in the legislations as well its implementation in order to exercise minimum protection for the minority stakes. As far as the regulation is concerned, the central bank has been playing its role actively to protect the well-being of all stakeholders in both cases. For example in the ZZZ Bank case, the central bank had instructed ZZZ Bank management to hold the execution of the pre-agreed transaction and to discuss for new take-over price. As in the XXX Bank, the appointment of eight directors must adhere to approval from the central bank. Legislative mechanism could provide minimum standards for protecting minority shareholders basic rights especially in the event of merger and acquisition.

Future studies could further investigate the expropriation of minority shareholders' right empirically by evaluating the level of protection mechanism and its impact on their investment decision-making. The type of activism strategy may also give impact on different level of minority shareholders' protection. In addition, they can also look into the relationship between shareholder activism and stock prices for the targeted companies in order to determine the impact of shareholder activism on companies' value.

Retail and dispersed shareholders in Malaysia are progressing towards preserving and protecting their rights against the expropriation by irresponsible management as well as major shareholders. However, further improvement is needed to strengthen the current legislation framework as well as the voluntary activist effort to provide higher protection on minority shareholders right. Such assurance is highly required in order to restore confidence on the capital market as well as to increase the value of respective firms.

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