



***INDIVIDUAL MINORITY SHAREHOLDER ACTIVISM AND DIRECTORS'  
RESPONSE IN LISTED CORPORATIONS IN MALAYSIA***

**SARINA BINTI OTHMAN**

**GSM 2019 27**



**INDIVIDUAL MINORITY SHAREHOLDER ACTIVISM AND  
DIRECTORS' RESPONSE IN LISTED CORPORATIONS IN  
MALAYSIA**

By

**SARINA BINTI OTHMAN**

**Thesis submitted to the Graduate School of Management, Universiti Putra  
Malaysia, in Fulfilment of the Requirements for the Degree of Doctor of  
Philosophy**

**August 2018**

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## DEDICATION

*This thesis is dedicated*

*To my parents:  
Othman Awang  
Noraliah Ijau (Blessed memory)*

*To my siblings:  
Khairol Bariah & family  
Ahmaddi  
Ahmad Anuar & family  
Mohd Lizam & family  
Johari  
Hidayah  
Faturaman  
Adik Nina Sharwani*

*The little munchkins of the family:  
Auna Danisha  
Umair Ghazi  
An Nur Khalisha  
Mardiah Hasanah  
Mohamad  
Ammar*

*To my friends:  
You know who you are!*

## **ABSTRACT**

Abstract of thesis presented to the Senate of Universiti Putra Malaysia in fulfilment of the requirement for the degree of Doctor of Philosophy

### **INDIVIDUAL MINORITY SHAREHOLDER ACTIVISM AND DIRECTORS' RESPONSE IN LISTED CORPORATIONS IN MALAYSIA**

By

**SARINA BINTI OTHMAN**

**August 2018**

**Chair: Assoc. Prof. Dr. Ho Jo Ann, PhD**  
**Faculty: Graduate School of Management, UPM**

Recent developments associated with corporate governance and shareholder activism have shown that shareholder empowerment is vital. Hence, there is a dire need for minority shareholders to be more active and responsive in their dealings and communications with corporations. Surprisingly individual minority shareholder activism has received less attention than institutional shareholders, not only in practice but also in the academic world. Additionally, firm response towards such activism efforts remains poorly explored. This study has taken the form of a two-level analysis which incorporates individual minority shareholders and the board of directors (an agent) as the informants for data collection purposes. Therefore, this study broadly seeks an understanding of individual minority shareholder activism in the context of Malaysia via analysis of the various approaches adopted, the level of engagement, the drivers for such engagement, the challenges faced to effectively engage with the company and the roles of Minority Shareholder Watchdog Group (MSWG) in facilitating shareholder activism. This study also seeks to understand how boards of directors perceive individual minority shareholder activism, and discover how activism is actually responded to and handled at the company level. From the methodological perspective, this study is regarded as a qualitative type of research. From the interpretivist point of view, semi-structured interviews with 24 participants— the individual shareholders (15) and the directors (9) was carried out. Face-to-face semi-structured interviews were utilized to obtain the primary data for this study. Data from the interviews were carefully transcribed and analysed using a thematic analysis approach. From the findings, it was discovered that individual minority shareholders were neither all passive nor all active. Some viewed themselves as moderately engaged, due to the lesser impact brought by their engagement. Most shareholders were still very much engaged with the companies in activities related to Annual General Meetings (AGMs), with some emerging platforms, such as the social media and forming an activist group to collectively engage with the company. In fact, voice mechanism was favoured by these shareholders to engage, and they considered this approach can significantly be heard. When individual shareholders engaged with the company, it was discovered that they were still driven by the financial motives with several emerging drivers. Notwithstanding this engagement, several broad categories of challenges were identified, with individual challenges related to the most challenging settings of individual shareholder activism. It was also revealed that despite recognition given to

the roles and the importance of MSWG in the activism process, these shareholders had never really exploited MSWG. At the director level, it was found that the directors had warmly welcomed such activism. Reasons given in responding to such activism include ensuring a good relationship with the shareholders, espousing transparency, and maintaining corporate image and reputation. In responding to individual minority shareholders, it was found that Malaysian listed companies have each adopted different methods to deal with the activism issues raised. This study has made several contributions. Theoretically, this study injected the communication elements to shareholder activism and utilization of Exit, Voice, Loyal, Neglect (EVLN) model enriches the categorization of activism approaches of individual minority shareholders in Malaysia. In practice, this study strengthens the effort for more active engagements by individual minority shareholders in the companies such as the proposal to provide specific procedure or officials to response to such activism. The finding of the study also suggested MSWG to continue to educate the individual minority shareholders to professionally engage with the companies.

## ABSTRAK

Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia  
sebagai memenuhi keperluan untuk Ijazah Doctor Falsafah

### AKTIVISME PEMEGANG SAHAM MINORITI DAN TINDAK BALAS PENGARAH DALAM SYARIKAT TERSENARAI DI MALAYSIA

Oleh

SARINA BINTI OTHMAN

Ogos 2018

**Pengerusi: Profesor Madya Dr. Ho Jo Ann, PhD**

**Fakulti: Sekolah Pengajian Siswazah Pengurusan, UPM**

Beberapa perkembangan terkini yang berkaitan dengan tadbir urus korporat dan aktivisme pemegang saham telah memberi kepentingan pemberdayaan pemegang saham. Oleh itu, terdapatnya keperluan supaya pemegang saham minoriti untuk menjadi lebih aktif dan responsif terhadap sebarang urusan dan komunikasi dengan pihak syarikat. Penglibatan aktivisme oleh pemegang saham minoriti individu secara praktikal dan juga akademiknya telah mendapat kurang perhatian berbanding dengan aktivisme yang praktikkan oleh para pemegang saham institusi. Selain itu, maklum balas syarikat terhadap usaha aktivisme ini juga masih kurang diterokai dan difahami. Kajian ini telah melibatkan dua tahap analisis kajian yang berbeza bagi tujuan pengumpulan data, iaitu melibatkan pemegang saham minoriti individu dan lembaga pengarah syarikat (ejen). Oleh itu, kajian ini berusaha untuk memahami aktivisme pemegang saham individu di Malaysia dengan menganalisa pelbagai pendekatan yang digunakan, tahap penglibatan, motif penglibatan, cabaran yang dihadapi untuk melibatkan diri secara berkesan di dalam syarikat dan peranan *Minority Shareholder Watchdog Group* (MSWG) di dalam memudahkan aktivisme pemegang saham minoriti. Kajian ini turut mengkaji anggapan lembaga pengarah syarikat terhadap aktivisme pemegang saham minoriti individu dan bagaimana aduan atau apa-apa jenis aktivisme sebenarnya dikendalikan di peringkat syarikat. Secara metodologinya, kajian ini merupakan satu kajian kualitatif. Dari sudut pandangan seorang *interpretivist*, temu bual separa berstruktur dengan 24 pemberi maklumat iaitu- pemegang saham individu (15) dan pengarah syarikat (9) telah dijalankan untuk tujuan pengumpulan data. Data daripada temu bual tersebut telah disalin dengan teliti, dan kemudian dianalisis menggunakan pendekatan analisis tematik. Hasil dapatan kajian menunjukkan pemegang saham minoriti individu di dalam kajian ini tidaklah semuanya pasif mahupun semuanya aktif. Ada yang lebih selesa menganggap diri mereka telah terlibat secara sederhana, disebabkan oleh kekurangan dari segi impak aktivisme yang diberikan. Kebanyakan pemegang saham ini masih lagi terlibat dengan aktivisme yang punyai hubungkait rapat dengan *Annual General Meetings* (AGMs), dengan beberapa pendekatan baharu, seperti media sosial dan membentuk kumpulan aktivis untuk sama-sama melibatkan diri dengan syarikat tersebut. Malah, mekanisme suara di dalam aktivisme digemari oleh pemegang saham, dan mereka mereka berpendapat bahawa pendekatan ini akan lebih didengari oleh pihak syarikat. Pemegang saham individu melibatkan diri di dalam syarikat atas dorongan motif kewangan dan beberapa faktor

lain. Dari segi penglibatan aktivisme, beberapa cabaran di peringkat individu telah dianggap sebagai halangan yang paling mencabar bagi pemegang saham individu untuk melibatkan diri di dalam syarikat. Selanjutnya, pemegang saham turut didapati kurang mengeksploitasi MSWG walaupun mereka mengiktiraf peranan dan kepentingan MSWG dalam proses aktivisme. Bagi peringkat pengarah syarikat, mereka mengiktiraf aktivisme sedemikian. Antara alasan yang diberikan untuk tindak balas kepada aktivisme adalah untuk memastikan hubungan yang baik dengan para pemegang saham, mendukung ketelusan, mengekalkan imej korporat dan reputasi syarikat. Dapatan kajian juga menunjukkan bahawa syarikat-syarikat tersenarai di Malaysia mempunyai aliran proses yang sedikit berbeza berdasarkan isu yang dibangkitkan dan juga kesan aktivisme yang ketara terhadap syarikat. Kajian ini telah mencadangkan beberapa sumbangan. Secara teorinya, kajian ini telah menawarkan elemen komunikasi terhadap bidang aktivisme pemegang saham dan penggunaan model *Exit, Voice, Loyal, Neglect* (EVLN) membantu di dalam usaha menyusun kategori pendekatan aktivisme individu pemegang saham minoriti di Malaysia. Secara praktiknya, kajian ini menguatkan usaha ke arah penglibatan yang lebih aktif oleh pemegang saham minoriti individu di dalam syarikat seperti cadangan untuk mewujudkan prosedur khusus atau pegawai khas untuk memberi maklum balas terhadap aktivisme tersebut. Dapatan kajian turut mencadangkan agar MSWG dapat terus mendidik para pemegang saham minoriti individu untuk terlibat secara profesional dengan pihak syarikat.



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## APPROVAL

I certify that a Thesis Examination Committee has met on 30 August 2018 to conduct the final examination of Sarina Binti Othman on her thesis entitled “Individual Minority Shareholder Activism and Directors’ Response in Listed Corporations in Malaysia” in accordance with the Universities and University Colleges Act 1971 and the Constitution of the Universiti Putra Malaysia [P.U.(A) 106] 15 March 1998. The Committee recommends that the student be awarded the Doctor of Philosophy degree.

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## LIST OF ABBREVIATIONS

AGM	Annual General Meeting
BMLR	Bursa Malaysia Listing Requirement
BODs	Board of Directors
CCM	Companies Commission of Malaysia
CA	Companies Act
CG	Corporate Governance
CLRC	Corporate Law Reform Committee
CMP	Malaysian Capital Market Plan
CoSec	Company Secretary
CSR	Corporate Social Responsibility
EGM	Extraordinary General Meeting
EVLN	Exit, Voice, Loyalty, Neglect
ICGN	International Corporate Governance Network
IR	Investors Relation
MAICSA	Malaysia Institute of Chartered Secretaries and Administrators
MCCG	Malaysian Code on Corporate Governance
MCII	Malaysian Code for Institutional Investors
MIRA	Malaysian Investor Relations Association

MSWG	Minority Shareholder Watchdog Group
NGOs	Non-governmental Organisations
PLCs	Public Listed Companies
SC	Securities Commission
SEC	Securities and Exchange Commission



# CHAPTER 1

## INTRODUCTION

### 1.1 Preamble

This chapter contains the background of the study, problem statement, research questions, objectives of the study, significance of the study, and key terms associated in this study. A brief summary of introduction is provided at the end of this chapter.

### 1.2 Background of the Study

*“.....the most visible victims are Enron's stockholders and employees, especially the employees who were shareholders. Even as 4000 were laid off around the time of the bankruptcy filing, all faced the grim realization that in the company's final weeks management had locked down their 401(k) plan, which had been sixty-percent invested in Enron stock..”* (Bratton, 2002, p.1293)

Corporate failure on Enron's scale has set as an example for future business regulations and shareholder protection. As Bratton stated, the failure of this classic and point of reference Enron corporate collapse left a deep scar on the shareholders and employees, who were also the shareholders in the company. Shareholders lost their money, while the employees lost their jobs due to devastating corporate failure. Ineffective corporate governance at the two biggest bankrupt companies in US history, Enron and WorldCom, created incentives and opportunities for good and effective corporate governance implementation.

Failure of these high-profile companies resulted in the loss of hundreds of billions for shareholders, especially the minority shareholders. This paved the way for corporate governance reforms, listing standards and best practices. However, corporate failure seems to be a never-ending story due to greed and selfishness of the corporate officers, such as those who caused a near-collapse of Bank of America in the year 2007-2008. Despite having stringent regulations voluntarily and mandatorily, such as the Sarbanes Oxley Act in America, this did not stop Merrill Lynch, a Wall Street firm for instance from experiencing a sudden collapse in 2008 that almost destroyed the American economy during the second blow of the financial crisis (Farrell, 2011).

The effect of the U.S. financial crisis had spilled over to other parts of the world, which caused losses to many corporate shareholders and stakeholders. In fact, this created a worldwide recession that eventually required central elements of corporate governance, including executive remuneration, internal control, risk management, the board of directors, independent non-executive directors, and shareholders' role being reconsidered and closely analysed (Strouhal, Bonaci, & Mustata, 2012).



In this sense, there is a strong need for good corporate governance that demands a significant involvement of various groups of shareholders, gatekeepers, board of directors and the stakeholders in the company. This call also includes the demand for minority shareholders to engage actively with the companies that marked the emergence concept of shareholder activism. Since then, this idea has become among the top issues discussed in the corporate world and debate continues (Denes, Karpoff, & McWilliams, 2017; Van der Elst, 2011).

Additionally, institutional, hedge funds and individual shareholders are encouraged to engage with the companies and fight for their rights. The individual shareholders, although holding a small portion of shares, are the largest group of shareholders and can act and fully utilise their significant contribution to corporate governance (Guan, 2005). However, they are the least protected and the most vulnerable group of shareholders (La Porta, Lopez-de-Silanes, Shleifer, & Vishny, 1998; Mitchell, 2006). Many platforms have been provided to at least protect these minority shareholders by exercising their right and playing their roles in promoting good governance practices in the corporation they have invested in. Nevertheless, issues pertaining to shareholder protection remain controversial.

The shareholder voice is regarded as an essential aspect of shareholder activism (Salim, 2011). This movement has not only had been dominated by the salient shareholders, but also involves individual/retail shareholders engaged with companies. Successively, this marks the active engagement by various groups of shareholders with the companies. The U.S. in recent years, for instance, movement by significant individuals such as Carl Icahn, Bill Ackman, and Daniel Loeb and activist hedge funds, managed to shape the corporate governance landscape and influence the behaviour of executives (Collis & Hartman, 2015). Recently, some movements by the shareholders endorsing a series of corporate governance practices, including avoiding dual class shares which limits the ability of small shareholders to enact change was carried out by Mary Barra, Warren Buffett, and Jamie Dimon (Kinlin, 2017).

To date, in the corporate world, there have been numerous cases involving public listed companies' behaviour involving poor governance that disadvantage the minority shareholders. Governance issues such as the mushrooming of privatisation activities have raised concern about unfair offers to minority shareholders; a series of insider trading cases and market manipulation offences ("82pc offences involve insider trading", 2014); the rising cases of fraud, corruption and bribery scandals ("Corruption, fraud and scandals", 2014); mismanagement and breaching of duties by corporate officers; and any other offences seem to have directly or indirectly oppressed minority shareholders.

These corporations' and officers' misbehaviour resulted from many circumstances, such as inequality, glorification of greed, lack of concern for society, feudal mind-set and manifold regulations (Kaur & Mishra, 2010). Tolerating these unwelcome behaviours in corporations will lead to governance problems and, more seriously will affect firms' performance. Hence many related parties, especially individual small shareholders will financially, emotionally, and tangibly suffer from such losses.

In view of Malaysian shareholders, shareholder activism appears dominated by a number of the large institutional shareholders, which used to be minority shareholders, such as Employees Provident Funds (EPF), and Armed Forces Fund Board (*Lembaga Tabung Angkatan Tentera*), in previous cases involving companies in trouble like Golden Hope and Prime Utilities (Rachagan & Mohd Sulaiman, 2013). However, while these institutional shareholders were just minority shareholders in previous years, at present they are no longer the shareholders with the minority voice. In fact, they are the blockholders in most listed companies in Malaysia to the extent that they are no longer the minority shareholders. Hence, the true minority shareholders that require protection are individual or retail shareholders.

Sadly, compared to institutional shareholders, it has been difficult for the individual shareholders to actively and substantively shape the governance and management of the companies due to some local context challenges, such as concentrated ownership structure and cultural values that require improvement on their activism/engagement tactics with the company. In one example of case involving Tong Herr Resources Bhd, a Malaysian investment holding company, a group of dissatisfied shareholders questioned the board of the company and sought clarification on the low returns despite high capital expenditure, long tenureship of the independent directors on board, and issues pertaining to related party transactions. A group of these minority shareholders, led by Alvin Yong, an activist, emailed complaints directly to the company's directors, Bursa Malaysia, Securities Commission and the media before the AGM of the company ("Another heated AGM", 2014). The action of this rarely-found activist demonstrated to the corporate world the power and the significance of individual minority shareholders. Sadly, a few individual minority shareholders in Malaysia have followed.

In the context of individual minority shareholders, they are normally perceived as the least significant group of minority shareholders when compared to the institutional and corporate shareholders (La Porta et al., 1998; Mitchell, 2006). In reality, individual minority shareholders can help to attain a healthier shareholders protection. They can also influence and interfere in the decision making of corporations as they form the largest group of shareholders, are the most active participants in the stock market, and possess equal rights as shareholders in corporations (Guan, 2005). These characteristics of the individual minority shareholders would qualify them to become actively involved in shareholder activism. Surprisingly then, they are actually on the corner of the road, as stated in the above points.

In this view, a forward-looking company should have a strategic plan that not only addresses sound corporate governance, integrating business, financial and non-financial reporting, but should also be able to communicate and manage its corporate reputation and keep the stakeholders and investors or shareholders informed and engaged. In the context of shareholders, they should actively communicate and stay involved in decision making because they are the owners of the company. However, previous literature has found otherwise where mass individual minority shareholders are shown to be in the state of passivity (Black, 1990; Guan, 2005; Yeoh, 2010). Their passivity gives one the impression that they are not actively involved.

Moreover, they have routinely declined to take action in the event of misbehaviour by corporate officers (Langevoort, 2009). Being passive gives the impression that they are not actively involved in monitoring the management, do not sit on boards, sometimes do not get involved in dismissing management, are not often intimately involved in the strategic direction of the company, and do not even manage (Jensen, 2010). Ironically, the absence of these activities gives a negative signal on the existence of an effective corporate governance system. Having effective corporate governance assists management to better run the corporation, which promotes a vigilant oversight function by the board of directors and encourages shareholders to take an active role in monitoring their corporations.

Furthermore, individual minority shareholders do not seem to realise that they are capable of influencing and interfering corporate decision-making. Sadly, they are not utilising the advantages at their disposal in terms of their size or rights as the owners of the firms. Guan (2005) stated that, in fact, individual minority shareholders form the largest group of shareholders and could therefore be the most active participants in corporations. To support this statement, a newspaper report on January 2016 stated that retail investors or shareholders buying activities shore up Bursa Malaysia with net buying of RM32.90 ("Retail investors local funds shore up Bursa Malaysia," 2016). This signifies the importance of this group of shareholders in the Malaysian equity market.

In Malaysia, the Minority Shareholders Watchdog Group (MSWG) is one of the platforms in which the shareholder, especially the minority used to respond to their dissatisfaction relates their rights and protection. The MSWG, an independent research organisation on corporate governance matters, was established as a government initiative in 2000 as part of a broader capital market framework to protect the interests of minority shareholders through shareholder activism. It is one avenue of market discipline to encourage good governance amongst public listed companies with the objective of raising shareholder value over time (<http://www.mswg.org.my/>).

The MSWG establishment is somewhat a reflection of the culture of the society that shapes the way in which the shareholders being part of the society accept a high power distance and collective culture. In this view, a watchdog seems to be the ideal solution when the shareholders fear the controversial issues raised by confronting authority, as a watchdog to represent their interests (Ameer & Abdul Rahman, 2009; Rachagan, 2007; Satkunasingam & Shanmugam, 2006). MSWG is, however, faced with a few issues (Ameer & Abdul Rahman, 2009; Satkunasingam & Shanmugam, 2006) and scepticism of the effectiveness of the group (Tam & Tan, 2007).

Question arises now as to whether individual minority will make their own move to actively, reactively and responsively engage themselves to complement MSWG's effort. However, it is surprising to note that minority shareholders, especially individuals, are rather passive. This apparently distorts the accomplishment of shareholder empowerment aspiration. In this regard, understanding this set behaviour of the individual minority shareholders' activism is paramount.

In a given legal environment, with MSWG intervention and good corporate governance

environment that create room for engagement, it is still unclear on the extent of these minority shareholders actually involve in shareholder activism. Additionally, Rachagan (2007) also stated the Malaysian culture promotes the concept of power distance, and as such, minority shareholders do not think it is wise to question the decision of the majority shareholder, especially if the majority shareholder is affiliated with a prominent politician or royalty. Although empowering shareholders can work in accordance with laws and regulations, the attitude to engage in shareholder activism and fight for their rights should begin with the willingness of the individuals to act; that is, the self-driven factor.

In this regard, there is a strong need for improvement from multiple angles. Good corporate governance can no longer be achieved by just strengthening the regulations, but rather incorporating the proactive and responsible actions by the shareholders, gatekeepers, boards of directors, and stakeholders as a whole ("Malaysian Code on Corporate Governance (MCCG)," 2012).

In summary, drawing from previous shareholder activism studies, which mostly are focusing on the roles of institutional shareholders and hedge funds in activism hedge funds (e.g., Becht, Franks, & Grant, 2014; Coffee & Palia, 2014; Gantchev, 2013; Brav, Jiang, & Kim, 2009), activists institutions worldwide [e.g., CalPERS (Smith, 1996); UK pension fund, the Hermes UK Focus Fund (HUKFF) (Becht, Franks, Mayer, & Rossi, 2008); Korea's Minority Shareholder Movement (MSM) (Dalton & Rama, 2016)], and major institutional shareholders in Malaysia, including the MSWG (e.g., Azizan & Ameer, 2012; Ameer & Abdul Rahman, 2009; Omar, Ismail, & Mohd Fahmi, 2005), this study's emphasis, however, is different. The context of this study is the individual minority shareholders and the directors of the listed companies through shareholder activism. This study emphasizes addressing the gap of the study and intent to explore the individual shareholder activism issues in the Malaysian context.

### **1.3 Problem Statement**

In view of engagement with a company, individual minority shareholders have realised that their small shareholding will not give much weight to influence management. Hence, collective movement or decision making causes the minority shareholders to rely on the group's action and would need MSWG's help in shareholder activism. However, the state in which MSWG is utilised by Malaysian individual minority shareholders has not been explored extensively by the prior studies. MSWG is, however, faced with few issues such as the non-financial independent status from the government (Ameer & Abdul Rahman, 2009), and the composition of the board is also represented by the government and state agencies (Satkunasingam & Shanmugam, 2006) that may compromise the position of the MSWG as an independent body willing to act without fear or favour.

Similarly, Tam and Tan, (2007) noted scepticism of the effectiveness and independence of the MSWG. Additionally, in performing the roles, MSWG can only afford to monitor around one quarter of all public listed companies in Malaysia due to the limited resources and also the numbers of case-by-case complaints made by the investors which have not increased significantly over the years (see analysis of



companies monitored by MSWG as per page 27-30). MSWG, as a non-regulatory authority, cannot force a company to respond quickly, sufficiently and comprehensively to their queries. Besides MSWG, other regulatory bodies have also started to strengthen some specific protection initiatives for individual minority shareholders. Their efforts include reform of listing rules, codes of corporate governance, and securities law legislation, all which are intended to enhance shareholders' participatory rights in decision-making in Malaysia (Rachagan & Mohd Sulaiman, 2018). However, these regulations will take time to be enforced and often associated with weak legal systems implementation, ineffective corporate governance mechanisms such as boards of directors and the market for corporate control (Shleifer & Vishny, 1997; La Porta et al., 1999), and poor law enforcement (Fan & Wong, 2002).

Challenges with the regulations and legal systems implementation has now raised questions on how the individual minority shareholders should act to fight for their rights. In addition, MSWG's effectiveness is also questioned, which can ruin shareholders reliance on MSWG to act on their behalf. In this regard, minority shareholders now should realise to further fight for their rights through shareholder activism.

Literature have shown some rationales for shareholder activism, which differs across countries (Adegbite, Amaeshi, & Amao, 2011). These prior studies on shareholder activism were conquered by scholarly works in developed countries, for example the United States (U.S) (e.g., Admati & Pfleiderer, 2009; Coffee & Palia, 2014; Ertimur, Ferri, & Muslu, 2010 ; Gillan and Starks, 1998, 2000 & 2007; Thompson & Davis, 1997), the United Kingdom (UK) (e.g., Becht, Franks, Mayer, & Rossi, 2008; Crespi and Renneboog, 2010; Hendry, Sanderson, Barker, & Roberts, 2007), Korea (Choi & Cho, 2003), Japan (Seki, 2005), and Australia (Anderson, Ramsay, Marshall, & Mitchell, 2007). Conceptual discussion on shareholder activism has led to a conclusion that shareholder activism in developed countries cannot explain the state of activism in emerging economies, like Malaysia. Therefore, there is a need to study shareholder activism to explain the scenario or phenomenon of shareholder activism in the context of Malaysia.

As an emerging market, Malaysia faces challenges and different ways of implementing and practicing corporate governance, including shareholder activism practices (Musa, 2012). These challenges are varied across countries and across individuals, which are among others related to the ownership system of the companies, the cultural values of the society, different socio-economic conditions, and individual-related challenges. In view of national culture, cultural values are claimed to influence the likelihood of minority shareholders in Malaysia to engage in shareholder activism. As noted by Satkunasingam and Shanmugam (2006), the attitude of having no sense of ownership and no sense of responsibility to speak up when things go wrong in the corporations is due to Malaysia's national culture, which discourages individuals from being assertive.

However, the challenges faced by different types of shareholders, including various institutional shareholders including the hedge funds, major shareholders or the small individual shareholders were not specifically categorised and identified. A review of

the literature revealed that there is no specific conceptual framework or list regarding challenges faced by individual minority shareholders. In other words, the identified challenges examined so far were not grouped or categorised accordingly. Most previous studies [e.g., Claessens, Djankov, Fan, & Lang (1999), Black (1990), Guan (2005), Satkunasingam & Shanmugam (2006), Singam (2003), Tam & Tan (2007), Yeoh (2010)], have examined the challenges faced by institutional shareholders and other groups of activists.

The challenges faced by individual minority shareholder are different than those of institutional shareholders or hedge funds due to their relatively small shareholding, which is seen as less significant in voting, and which are less likely to have a large impact on the performance of the corporations (Gillan & Starks, 2000). The effort of categorising the specific challenges of activism for individual minority shareholders will not only complement the existing literature, but will also help address the challenges faced, with specific attention given to the individual minority shareholder activism. Failure to address these challenges will result in this group of shareholders remaining passive (Black, 1990; Guan, 2005; Yeoh, 2010) and continue to decline to take action in the event of misbehaviour by corporate officers (Langevoort, 2009).

Further, Padgett (2012) claimed that different shareholder groups hold shares for different reasons. Activism or engagement with the companies is influenced by a group's exposure to risk. The riskier the investment, the more the shareholders are engaged. This view promotes the notion that dominant shareholders and individual shareholders motivating factors for engagement are varied and unique according to exposure to the risk. Padgett (2012) also recognised that dominant shareholders such as institutional shareholders were better informed on the risk and professionally received information from the companies than individual shareholders, who usually remained uninformed. Siaw (2008) also claimed that individual minority shareholders were generally amateurs investing with their own savings and using their own discretion in investing. This condition may influence the reasons that motivate these shareholders to become involved in any activism approaches with the company. Despite the numerous studies on approaches of activism, very few studies had formed a generic treatment to activism approaches, where different activists and demands are aggregated and treated as equivalent. Hence, the effort of categorising the specific challenges of activism for individual minority shareholders will complement the existing literature.

In relation to motivation of activism, prior studies [e.g., Collis & Hartman, 2015; Goranova & Ryan, 2014; Proffitt Jr & Spicer, 2006] had mostly produced rather generic motivations, with no distinction of motivation to activism for different group of shareholders. Therefore, specific motivating factors for individual minority shareholder are still not highly debated. Additionally, discussions on motivation of activism have mainly been made for institutional shareholders in non-Malaysian settings. Hence, it is now interesting to check whether Malaysian individual shareholders are motivated or driven by the same motivation or reasons. This is due to the fact that individual shareholders are considered one significant group of stakeholders in the Malaysian corporate governance and equity market, in line with the concentrated ownership structure of the companies. Ibrahim and Samad (2010), and Thomas and Cotter (2007) reasoned that ownership structure affects shareholder activism in terms of supremacy in voting, control, and independency and the level of support for shareholders proposals.

In view of level of engagement, a large number of prior studies have examined the role of institutional shareholders in activism (e.g., Ting, 2013; Lee & Park, 2009; Proffitt Jr & Spicer, 2006; Opler & Sokobin, 1995) but for small individual shareholders, few studies have been carried out to examine their level of engagement in activism. Prior studies such as those by Appel, Gormley, and Keim (2015), Goldstein (2014), and Hendry et al. (2007) have concluded that there are only two broad levels of engagement of shareholders in the company, which is either the passive-active or reactive-proactive. However, those studies focused the level of activism of institutional shareholders, and did not consider individual minority shareholders. It is expected that, since the amount of holding and goals of investment are different across these two groups of shareholders, it is fair to predict that their level of engagement, just like motivations and challenges faced in engagement also differ.

Additionally, Carney and Child (2013) discovered that ownership structure in Malaysian corporations has remained concentrated by the state and family ownership. This finding suggests that the roles to be played by individual minority shareholders to continue to protect their interest and rights from oppression remain important. Soon enough, minority shareholders, including individuals, continue to actively engage with the firm if they intend to be heavily involved in the monitoring the agent, that is, the boards. However, their state of involvement presently has not been extensively studied by corporate governance researchers. In fact, existing studies so far have studied the activism engaged by the hedge funds, and major institutional shareholders, and in Malaysia, the MSWG (e.g., Azizan & Ameer, 2012; Ameer & Abdul Rahman, 2009; Omar, Ismail, & Mohd Fahmi, 2005).

Notwithstanding, those studies neglected to address discussion on the level of engagement of individual minority shareholders in activism. Understanding current activism behaviour of the individual minority shareholders will be a catalyst to predict their future behaviour and suitable measures and incentives will form accordingly.

Furthermore, it is also interesting to highlight the absence of reasons as to why individual minority shareholders actively engage with the company in the previous studies. Extant studies are interested in discovering the reasons why minority shareholders are not engaging with the company, and fail to consider reasons for engaging actively with the company by those active minority shareholders (e.g., Omar et al., 2005; Leng, Choo, Umar, & Salleh, 2003). It is assumed that the reasons for being passively or actively involved in any sorts of activism with the company are accordingly distinct. In this view, finding the reasons for active engagement by the minority shareholders, especially individuals, will complement existing findings and act as guidance to provide direction for passive individual minority shareholders to become responsive and active shareholders in future.

Moreover, in the effort of understanding activism by the individual minority shareholders, a few prior studies have given primary focus on their involvement in general meetings (Leng et al., 2003; Omar et al., 2005) and in a dialogue with companies (Leng et al., 2003). While activism has many aspects, little is known on the involvement of these minorities in any other forms of activism. The activism approaches or types of activism exercised by individual minority shareholders are not

widely debated or discussed.

Besides, in relations to management or firm response towards shareholder activism by minority shareholders, in a few given circumstances the boards may not have the ability to respond substantively to the challenges due to limited capacity and insufficient time to plan and execute such a substantive response (Ashforth & Gibbs, 1990). Additionally, David, Bloom, and Hillman (2007) also infer that to some extent, managers have the intention to mislead shareholders by settling without intending to change. These situations only create a more tense relationship, which will endanger healthy interaction between both parties. Good and healthy interactions help in portraying a good governance system that provides a powerful set of checks and balances, and any failure resulting from the system as a whole becomes dangerously unbalanced (Montgomery & Kaufman, 2003).

In relation to this, the existing literature discussing responses to shareholder activism by the firms are relevant in the context of developed countries and the majority involve salient shareholders. David et al. (2007) found that managers are more likely to settle proposals filed by 'salient' shareholders (that is, those with power, legitimacy, and urgency). Hence, little is known on how board of directors reacts and responds to shareholder activism initiated by individual minority shareholders. If there is such engagement, and if management resists, shareholders will try to convince other shareholders to side with them to push for changes further. If failed to do so, they may sell their stakes and leave the company (Shin, 2016).

On the same note, Kabi (2015) acknowledged that most literature discussing firm and director responses to shareholder activism came from industry experts' reports, with little published literature available. Only recently some efforts were done on this topic introducing several ways or means of responses that the company and directors can actually adopt. These few works have proposed several means by which a company and its directors can utilise to respond to shareholder activism, such as the presence of standard practices, policies, procedure and people dealing with such response, responsive plans and shareholder-director protocol (e.g., Featherstone, 2017; Governance Insight Center, 2016; PwC, 2015; Papernik, 2014). Despite this emerging literature, research on activism process involving individual shareholders remains scarce and not many studies had been carried out to understand how activism is handled at the company level, especially in the Malaysian setting.

Broadly stated, it is notable that prior studies on shareholder activism are dominated by works in developed countries. In the context of Malaysia, despite increasing noteworthy works (e.g., Azizan & Ameer, 2012; Leng et al., 2003; Mustafa, Latif, & Taliyang, 2011; Omar et al., 2005; Rachagan, 2007; Rachagan & Mohd Sulaiman, 2013, 2018; Salim & Ong, 2009; Satkunasingam & Shanmugam, 2006), the deep gap in literature on corporate governance and shareholder activism, particularly on individual minority shareholder activism and the company's response, remains apparent.



## 1.4 Research Questions

In this qualitative study, the researcher inquired about how individual minority shareholders and corporate directors utilise shareholders activism. Hence, their views and experience were sought on this subject matter, which is the phenomenon. In doing so, several questions consisting of central or overarching and sub-questions were generated (Agee, 2009; Creswell, 2007). Therefore, this study involves central explanatory and exploratory research, with the following two-level questions:

**Table 1.1: List of Research Questions**

Level	Research Questions
Level 1 Individual level: Minority Shareholders	RQ1: What are the activism approaches adopted by the individual minority shareholders? RQ2: What is the level of activism engagement of individual minority shareholders? RQ3: What are the various motivations for such engagement? RQ4: What are the various challenges of activism faced by the individual minority shareholders? RQ5: How do the individual minority shareholders perceive the effectiveness of MSWG?
Level 2 Managerial Level: Board of Directors of PLCs	RQ6: What are the reasons for the board of directors to recognise individual minority shareholder activism? RQ7: How do PLCs and board of directors respond to the activism initiated by the individual minority shareholders?

The research questions were split into two levels to reflect the interactive process of shareholder activism, as inspired by this study. The research question in level 1, which is at the individual shareholders level, aims to examine activism approaches, level of activism, drivers and motivations behind activism, challenges faced by the individual minority shareholders and perception on MSWG's effectiveness. On the other continuum, which is at the managerial, or board of directors level (level 2), this study aims at examining the reasons of activism from the perspective of the board of directors of companies and their attitude towards responding to such activism.

## 1.5 Objectives of the Study

The general objective of this study was to uncover the views of minority shareholders and corporate directors on shareholder activism. The objectives of this study entail two different levels, mirroring the research questions indicated in the above section. Based on these research questions, this study has the following objectives:

**Table 1.2: List of Research Questions**

<b>Level</b>		<b>Research Objectives</b>
Level 1	Individual level: Minority Shareholders	RO1: To uncover the activism approaches adopted by the individual minority shareholders.
		RO2: To determine the level (passive, moderate, active) of individual minority shareholders activism.
		RO3: To understand the various motivations for engagement.
		RO4: To identify the various challenges of activism faced by the individual minority shareholders.
		RO5: To ascertain the individual minority shareholders' perception on the effectiveness of MSWG.
Level 2	Managerial Level: Board of Directors of PLCs	RO6: To uncover the reasons for the board of directors to recognise individual minority shareholder activism.
		RO7: To identify the attitude of board of directors in responding individual shareholders activism.

### 1.6 Scope of Study

This study involves individual minority shareholders in any Public Listed Companies in Malaysia, which remain listed during the time the data collection was conducted, regardless of their age, gender, cross-holding or shareholding. Data for this study was collected between June 2015 and June 2016. In level 1, individual shareholders who had an investment experience of at least two years in any Malaysian listed companies were interviewed. This was part of the assurance for validity of information in this study. It is expected that with a minimum of at least two years of investment experience, the individual shareholders would have considerable amount of experience dealing with investee companies (European thoughts, 2015). For level two of this study, directors of listed companies, regardless of age and types of directorship (executives and non-executives), were interviewed.

### 1.7 Significance of Study

The concept of shareholder activism has become among the top issues discussed in the corporate world and debates continue to exist with regards to this matter. As depicted in the problem statement section above, in the corporate world, the minority shareholders are the least protected corporate participants others (La Porta et al., 1998; Mitchell, 2006), due to their minimal voice in corporate decision-making and due to concentrate ownership structure in some countries, like Malaysia. Hence, there is a dire need for better protection to minority shareholders, particularly individual shareholders. One way to help ensure protection is shareholder empowerment, in which this

empowerment can be in the form of shareholder activism (Goranova & Ryan, 2014; Rachagan & Mohd Sulaiman, 2019). Shareholder activism supports shareholder empowerment aspiration when shareholders can initiate their own proposals to mitigate managerial agency problems (Matsusaka & Ozbas, 2012).

Viewing the current trend of shareholder activism based on the literature, a pool of studies had focused on the roles of institutional shareholders (e.g., Crespi & Renneboog, 2010; Hadani, Goranova, & Khan, 2011); Opler & Sokobin, 1995; Smith, 1996), and the most recent hedge funds activism (e.g., Becht, Franks, & Grant, (2014); Coffee & Palia, 2014; Gantchev, 2013), thus have given less attention on the involvement of individual minority shareholders with the company. Individual shareholders in the context of Malaysia are still regarded as one of the important parties, not only in the equity market, but also in the corporate governance setting as a whole.

Reflecting the minority ownership pattern, institutional shareholders were previously used to be known as the minority shareholders, now are no longer the minority, in some cases. A few cases, like the proposal on the merger of the three banks, namely CIMB Group, MBSB and RHB Capital, demonstrated that EPF in this merger exercise was no longer the minority shareholder. EPF being a common major shareholder in all these 3 affected companies as well as being the single largest shareholder of both RHB Capital and MBSB would have a potential conflict of interest where EPF may be able to influence the proposed merger to its own benefit ("Bursa bars EPF", 2014). In view of this example, one can now see that the real minority shareholder in Malaysian setting is the individual minority shareholders. This shows that individual minority shareholders have important monitoring roles to play to shape the governance and the management of corporation, fight for their minority rights, and ensuring the sustainability of the company, by way of active engagement, namely shareholder activism.

#### *a. Theoretical significance*

In view of shareholder activism, individual minority shareholders are seen as being in a state of passivity and rather apathetic (Black, 1990; Guan, 2005) and even refusing to take action in the event of misbehaviour of corporate officers (Langevoort, 2009). The fact that shareholder activism is a new concept to emerging economies like Malaysia, the concentrated ownership structure, cultural values such as high power distance seem to explain the passivity attitude of minority shareholders, especially the individual minority shareholder in corporations' decision making (Yeoh, 2010). Despite these possible reasons, Goranova and Ryan (2014) claimed that the drivers of such engagement by individual activists in shareholder activism and the reasons for not becoming an activist have yet to be discovered well by prior research.

Again, this shows the equivocal arguments as to the true reasons why some minority shareholders, especially individuals, are active or passive in activism. The issue remains obscure and demands further scientific investigation. This investigation would help the board of directors and managers, the regulatory and non-regulatory bodies and policy makers to understand the engagement behaviour of the minority shareholders. Once understood, future policies, guidelines and codes of conduct can be introduced to

facilitate future activism by minority shareholders. Hence, this study aims to address the unfilled gaps and a few unexplained settings of shareholder activism of individual minority shareholders by the previous studies.

In a broader context, this study aims to complement existing findings on which mostly are finance or economics-based, with the perspective of human interaction and communication and psychology (mental characteristics and attitudes of a person). In this study, the behaviour of the individual minority shareholder in shareholder activism and the response given by the boards of directors regarding such activism were investigated based on this aspiration. Again, from the theoretical point of view, the underpinning theory, agency theory will be supplemented with the communication model (injecting a sociological perspective into the principal-agent relationship).

Hence, theory integration would help the researcher understand the subject matter more deeply, considering the fact that this study involves individual minority shareholders and board of directors who interact in the shareholder activism process. To the researcher's knowledge, there is as yet no theory which integrates shareholder activism with interaction and communication into one framework. This study fills a gap in the literature by complementing agency theory with interaction and communication and can be regarded as one of many efforts by shareholder activism scholars, e.g., Goranova and Ryan (2014), towards developing a shareholder activism theory. The integration of communication in shareholder activism is predicted to help to mitigate the agency problems through intensive communication and information exchange between shareholders and the board of directors.

Meanwhile, from the academic methodological perspective, as far as the current literature is concerned, most shareholder activism-related studies have not incorporated the element of in-out regime, and were very quantitative in nature (Ertimur et al., 2010; Mustafa et al., 2011 and Huei, Ken, Kwong, & Shrivess, 2012). Without reasoning out why such event happened, in depth understanding on certain issues may not be achieved. Hence, this study complements existing findings from quantitative studies (e.g., Ameer & Abdul Rahman, 2009; Leng et al., 2003) by generating findings from a multi-level analysis. This analysis includes the individual minority shareholder level and the board level, using the qualitative perspective to comprehend individual minority shareholder activism in the Malaysian context.

Next, researcher is motivated to embark this study due to the fact that most previous research into shareholder activism embraces the firm-level (e.g., firm governance, size, performance) and country-level analysis (e.g., ownership structure, law and regulations), e.g., works by Krishnamurti, Sevic, and Sevic (2006) and Judge, Gaur and Muller-Kahle (2010) as the antecedents that influence the outcome of shareholder activism. Conversely, this study concerns the process of shareholder activism and stems from the relationship between the individual minority shareholders, including activists who take action and the board of directors as the party who respond to such action. However, studying corporate officers such as the board members enriches the information on the real practices and the orientations and values of individual directors about one corporate event (Abdalla, Saleh, Kumar, & Ann, 2012).

In sum, the findings of this study will shed some light in understanding individual minority shareholders activism, and the findings will add to the body of knowledge pertaining to the research area. Consistent with Sikavica and Tuschke (2012), who contemplated that in Germany's shareholder activism, little was known about why and when small shareholders engage in activism. In the context of Malaysia, the same claims prevail, as prior studies on shareholder activism involving individual minority shareholder remain minimal. Economically, in general equity markets, emerging and developed countries differ considerably in term of rate of growth, economics and demographics, legal systems and regulatory environments, as well as returns to equity investors (Bliss, 2012). These differences seem to influence the policy makers, the regulators, watchdog groups, society, and individuals to accept the idea of "one size does not fit all".

Hence, in relation to this study, shareholder activism in the developed countries cannot explain the activism held in the emerging economies, including Malaysia. As such, local data taking into account country-specific circumstances and institutional features is needed to make a convincing case for any changes (Claessens & Yurtoglu, 2013).

#### *b. Managerial significance*

From a practical point of view, this study assists both companies and regulatory and non-regulatory bodies such as Securities Commission (SC), Bursa Malaysia, and MSWG to anticipate the behaviour of the individual minority shareholders and the companies in struggling or conflicting periods and circumstances. According to Paragraphs 8.02(1) and 8.02(2) of the Listing Requirements of Bursa Malaysia, a listed issuer must ensure that at least 25% of its total listed shares or listed units are in the hands of public shareholders or unit holders. This requirement signifies that individual minority shareholders are still a significant group of shareholders in the Malaysian listed companies. This group of shareholder has the right to fight for their rights by engaging with the company.

Hence, this study will enhance our understanding as to why and how small individual minority shareholders engage with a firm. Such an understanding is important to Malaysian corporations because this will increase the ability of the company and the boards to anticipate any confrontational behaviour, should minority shareholders become actively engaged in future. When a board of directors anticipates impending activism behaviour from the minority shareholders, they will facilitate future solutions to any conflicts and attain a mutual agreement between the shareholders and the boards of directors.

In the context of the involvement of individual minority shareholders, understanding the reasons for such involvement and non-involvement demands the formulation of strategies to promote active and reactive minority shareholders. In view of the opportunity for strategies formulation, perhaps regulatory bodies and MSWG can determine what else is needed to be provided, review of the current platform or training modules or the inclusion of a new module in tandem with the current legal setting and governance practices.



Additionally, a review of shareholder activism scholarly works by Goranova and Ryan (2014) emphasized that for shareholder activism research to be informative, the analysis should comprise of more than one level such as the firm, activist and broader environmental levels of analysis. Considering this suggestion and its potential contribution to the knowledge on shareholder activism, this study has embraced the response of the board of directors towards shareholder activism. As for the response regarding majority vote proposal, there is still ambiguous and unresolved conflict about governance choices between the board and a significant portion of the shareholder base (Ertimur et. al., 2010). Therefore, this has opened up an ideal setting to explore board responsiveness to shareholder concerns. According to Montgomery and Kaufman (2003), of the three relationships in their corporate governance relationship triangle, the relationship between the shareholder-management and management-board relationship have received much attention by various interested groups such as corporate participants, influential groups of regulators and even by most scholars and researchers in the academic world.

However, the links between minority shareholders and boards have received far less scrutiny than these two relationships in the corporate governance participants' relationship. In response to this, the insertion of response of the boards in this study will help to fill the relationship gap and deals with some of the fundamental issues central to the fulfilment of this aspiration. Further, possible responses of the individual directors towards the minority shareholders queries would open room for improvement in the relationship between directors and shareholders. This would open the eyes of both parties in relation to the reality of how shareholder activism should work.

Rather than viewing the process in isolation, shareholder activism is more successful when properly communicated and responded well to signify its interactive process. However, it comes as a surprise that the interactive process of shareholder activism has not been documented and presented in a systematic manner. Externalisation of the shareholder activism process is needed to ease anxiety and lessen the confusion of ill-informed minority shareholder about how to go about their activism with the corporation. With proper guidance, this will then help minority shareholders to be well-equipped in their activism plans, thus boosting their confidence and self-efficacy to engage with the firm.

## **1.8 Key Terms of the Study**

### **i. Shareholder activism/Shareholder engagement**

Shareholder activism refers to a range of actions taken by shareholders to influence management and the board. These actions are normally categorised as either an exit (selling shares) or voice (letter writing, meetings with management and the board, forming shareholder associations, asking questions at shareholder meetings, and the use of voting rights (Becht et al., 2008). Shareholder activism term has also been referred to shareholder engagement by a few scholars (Darja & Johansson, 2009; Ferraro & Beunza, 2013, 2014). These scholarly works had confirmed the interchangeably used of the two terms to demote series of action by shareholders to influence the management and the board, in the context of this study, the individual shareholders.

## ii. Shareholder protection

Shareholder protection refers to various regulations or initiatives established that provide protections to the shareholders, including the minority shareholders. In the context of this study, the shareholder protection refers to the existing framework that protects the rights and interests of the individual minority shareholders as stated in Chapter 2 of this thesis.

## iii. Controlling shareholders

Controlling shareholders are those who own a majority of shares of the company and have a significant voting right in the decision-making process. According to Rachagan and Mohd Sulaiman (2013), controlling shareholders can arise through control by a family group, the state or the government, and control by institutions who have advantage in terms of voting rights. This gives them considerable power over companies' decision-making processes.

## iv. Minority Shareholders

Minority shareholders include retail/individual stakeholders and the institutional shareholders in public listed companies (PLCs). Minority shareholders in this study refer to those shareholders (retails/individuals) who have little or no influence over managerial decision-making (Rachagan, 2007). Individual minority shareholders are also known as small shareholders, referring to the shareholders who hold only minority stakes and control relatively few company resources (Sikavica & Tuschke, 2012). These shareholders are low in salience and have little power over a company's course of action (Sikavica & Tuschke, 2012).

## v. Minority Shareholder Watchdog Group (MSWG)

In Malaysia, one of the platforms shareholders, especially minority shareholders, use to express dissatisfaction is the Minority Shareholders Watchdog Group (MSWG). The MSWG was established as part of a government initiative in 2000 with the aim of protecting the interests of minority shareholders through shareholder activism. MSWG was established as part of an effort to enhance awareness among minority shareholders of their rights to search for more information, voice their opinions and seek to fix troubling situations (Azizan & Ameer, 2012).

## vi. EVLN Model

The EVLN acronym refers to Exit, Voice, Loyal and Neglect. It is a model of multiple choice of voicing dissatisfaction developed by Hirschman (1970) as EVL. Later Rusbult, Zembrodt and Gunn (1982) added the fourth response to dissatisfaction – neglect (N). Considering activism by the shareholders as the consequence of dissatisfaction, this study aims at positioning the various approaches strategies to

shareholder activism adopted by the individual minority shareholders into the four broad categories of responses, the EVLN model.

## **1.9 Organisation of the Thesis**

This section details the organisation of this thesis. Chapter 1 is the introduction of the thesis, which consists of the background of the study, problem statements, objectives and the research questions, motivation of the study, significance of the study, key terms, the scope, and the organisation of the thesis.

Chapter 2 contains a review of protection mechanisms of minority shareholders in Malaysia and Chapter 3 provides the literature review on shareholder activism and theoretical discussion that underpins this study. Chapter 4 consists of a discussion on the research proposition for this study.

Chapter 5 discusses detail process of methodology for this study. As this study is a qualitative study, this chapter presents all the steps and procedures associated with the qualitative method employed.

In Chapter 6, all the research findings are tabled, summarised, and discussed succinctly in accordance with the research objectives as set out in Chapter 1. In continuation to Chapter 6, Chapter 7 seeks to clarify further the findings for each research objective explained in Chapter 6.

## **1.10 Conclusion**

In sum, the proposed objectives and research questions for this study are intertwined with the collection of literature as presented in the next chapter. Chapter 2 presents a critical review of prior studies and works of scholars in the area of shareholder activism. These reviews act as the foundation to the formulation of issues and identification of research problems leading to the development of the research questions for this study.



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