

Documents

Annuar, H.A.

Difficulties in being responsible institutional investors: evidence from Malaysia

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Department of Accounting, International Islamic University Malaysia, Kuala Lumpur, Malaysia

Abstract

Purpose: The purpose of this paper is to ascertain whether institutional investors in Malaysia faced limitations when they are involved in the corporate governance of their investee companies. **Design/methodology/approach:** A qualitative approach, consisting of a series of interviews with senior investment managers of different type of institutional investors, was chosen. In total, 18 interviews were conducted over a period of two months, which is thought to sufficiently provide the answers to the research purpose. **Findings:** The interviews revealed there are difficulties in monitoring all investee companies due to lack of time and resources. Traditional measures such as company financial performance and dividend policy, continued to be favored and rigorously monitored. The overdependence on hard criteria may be a result of a culture of overly rewarding beneficiaries and a lack of expertise in being involved in specialized company areas such as strategy. Strict regulations hamper effort to be more involved in governing investee companies. **Research limitations/implications:** The research used interviews and generalization may become an issue. In addition, access to many managers depended on recommendations, and the respondents are selected to represent the different types of institutional investors. **Originality/value:** Investigation into factors that may limit institutional investors' involvement in corporate governance in Malaysian public listed companies, especially from a more qualitative viewpoint, is lacking. In addition, this paper advances the understanding of shareholder activism by adding to the literature by exploring the issue in a specific emerging markets context. © 2019, Emerald Publishing Limited.

Author Keywords

Corporate governance; Institutional investors; Interviews; Malaysia

Correspondence Address

Annuar H.A.; Department of Accounting, International Islamic University Malaysia, Kuala Lumpur Malaysia; email: hazalan@iiu.edu.my

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