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Understanding the Share Ownership of Institutional Investors in Malaysia

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ABSTRACT

The vast amount of assets owned by institutional investors has significantly altered the ownership structure of organizations. The purpose of this study is to explore the share ownership by institutional investors among firms listed on Bursa Malaysia. The sample consists of 330 firms as listed in 2011, and the share ownership of institutional investors is measured by the percentage of ownership held by the institutional investors in the annual report. The results reveal that more than two-third of the firms under study has share ownership by institutional investors. The largest share ownership is by the unit trusts and mutual funds institutions. Furthermore, by separate institutions, the government-managed unit trust fund, namely the Permodalan Nasional Berhad (PNB) and the 'Pilgrims Fund' or the Lembaga Tabung Haji (LTH) hold the highest percentage of share ownership, followed by the government-managed pension fund, namely the Employees Provident Fund (EPF). When institutions are classified according to their investment behavior, dedicated institutions mark a higher level of ownership compared to transient institutions. Moreover, government-managed institutions significantly dominate the market for institutional shareholdings.

INTRODUCTION

The rapid emergence of a highly competitive global marketplace indicates the existence of a group of stakeholders, referred to as institutional investors. These may be defined as large investors, other than natural persons, who exercise discretion over the investment of others (Lang & McNichols, 1997). Contrary to natural persons, institutional investors act as a unified entity, and can be categorized according to the type of organization, for instance, the pension funds, mutual funds, investment bankers and insurance companies (Chaganti & Damanpour, 1991). Institutional investors are responsible in managing the funds collected on behalf of their beneficiaries through an investment mandate (Minority Shareholders Watchdog Group & Securities Commission Malaysia, 2014).

Supported by the fact that large funds tend to be secured by this type of investor, a significant ownership structure of institutional investors has been evidenced both in developed and developing markets. For instance, almost 60% of shareholdings in the United States and Canadian listed firms belonged to institutional investors, while 37.9% of shareholdings were thus observed in the United Kingdom, (Aggarwal, Erel, Ferreira, & Matos, 2011). In Malaysia, representing developing countries, it was observed that institutional investors held 51% of shares in the 10 largest companies listed on Bursa Malaysia (Saleh, Zulkifli, & Muhamad, 2010). Furthermore, 70% of total institutional shareholdings belong to the five largest government-controlled institutional investors, namely the Employees Provident Fund (EPF), Lembaga Tabung Angkatan Tentera (LTAT) or Armed Forces

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Fund Board, Permodalan Nasional Berhad (PNB), Lembaga Tabung Haji (LTH), and National Social Security Organization of Malaysia (SOCSO) (Abdul Wahab, How, & Verhoeven, 2008).

This relatively large ownership by institutional investors is due to the vast amount of assets they control. In the developing nations of East Asia, assets of institutional investors amounted to USD 1.5 trillion, or around 45% of Gross Domestic Product (GDP) in the region as a whole (Ghosh, 2006). In Malaysia, three largest types of institutional investors, namely pension funds, life insurance, and mutual funds held total assets of USD 114 billion equivalent to 96.4% of Malaysian GDP (Ghosh, 2006). More recent statistics indicate that at the end of 2013, the EPF, Malaysia's largest pension fund, holds approximately USD 182 billion (Towers Watson, 2014), thus justifying the infinite amount of assets which may allow them to have the ability in shaping the ownership structure of organizations.

This study intends to further explore the share ownership owned by institutional investors in Bursa Malaysia listed firms. Although a number of studies have been conducted on the institutional investors in Malaysian market, limited evidence has been found regarding detailed examinations of the various types of institutional investors among Bursa Malaysia listed firms. Previous research concentrated on institutional investors in largest firms (Saleh *et al*., 2010), or focused on the largest institutional investors (Abdul Wahab *et al*., 2008; Abdul Wahab, Mat Zain, James, & Haron, 2009), and utilized small sample size (Pirzada, Mustapha, & Wickramasinghe, 2015). Furthermore, some previous studies have been based on old data (Ghosh, 2006; Katan & Mat Nor, 2015). Therefore, inspired by the gap in previous literature, this study intends 1) to examine the presence of institutional investor shareholdings; and (2) to identify the level of shareholdings by different types of institutional investors, in Bursa Malaysia listed firms. The contributions of this study are as follows: the institutional shareholdings are comprehensively examined according to type of institutional investors and their investment behavior, as well as ownership status (government, private or, foreign owned), through the use of recent data and widespread sampling.

The rest of the paper progresses as follows. The next section reviews related literature on institutional investors in Malaysia. This is followed by a consideration of the methodology and findings. The concluding remarks summarize the main results, highlight the study limitations and suggest avenues for future research.

Literature Review:

Institutional investors in an ownership structure have been shown to be linked to several benefits. Firstly, institutional investors are seen to be in a unique position to exercise influence over firms in which they invest. Institutional investors may hold firms accountable for good governance (Securities Commission Malaysia, 2011a), as such institutions will have good access to information and resources to build necessary monitoring capabilities (Abdul Jalil & Abdul Rahman, 2010; Chung, Firth, & Kim, 2002). Secondly, the presence of institutional investors in an ownership structure may also help mitigate aggressive earnings management (Abdul Jalil & Abdul Rahman, 2010; Chung *et al*., 2002; Hsu & Koh, 2005; Koh, 2003), especially when the institutions have large or substantial shareholdings. They may inhibit firm managers from performing earnings management, such as increasing or decreasing reported profits according to the managers' desire (Chung *et al*., 2002). Apart from that, earnings management has also been found to be mitigated by the existence of long-term or dedicated institutions, which signals that this type of institutions may act as a good corporate governance mechanism to mitigate earnings management (Hsu & Koh, 2005; Koh, 2003). Thirdly, firms with more institutional shareholdings are also seen to be more inclined to engage in social and environmental responsibilities (Abd-Mutalib, Muhammad Jamil, & Wan-Hussin, 2013; Johnson & Greening, 1999; Oh & Chang, 2011).

The market for institutional investors in Malaysia is strongly controlled by the Malaysian government (Abdul Wahab *et al*., 2008), which is mainly dominated by the federal government's investment institutions, known as the Government Linked Investment Companies (GLICs). The GLICs comprise three major pension funds, namely the EPF, the Retirement Fund Incorporate or Kumpulan Wang Amanah Pencen (KWAP) and LTAT; a unit trust fund, namely the PNB, a pilgrims fund, known as the LTH, a sovereign wealth fund, namely the Khazanah Nasional (Khazanah) and an investment arm, which is the Menteri Kewangan Diperbadankan (MKD) or Ministry of Finance Incorporated, MOF (Inc) (Putrajaya Committee on GLC High Performance, 2014). Besides these GLICs, other institutions exist such as state government institutions, banks, insurance companies, and cooperatives.

The market for institutional investors is highly controlled by the government due in part to the introduction of the New Economic Policy (NEP) in 1970, in which the government utilized institutional investors as tools to reduce the equity gap between various ethnic groups in the country by increasing the equity ownership of Bumiputera in the capital market (Jomo, 2004). One of the major goals of the NEP is to achieve 30% holdings of share capital for the Bumiputera. Therefore, trust agencies were established to accumulate shares on behalf of the Bumiputera community, with the purpose of redistributing them at some future date (Beeson, 2000).

The establishment of the trust agencies consequently has led to the foundation of other institutions by the governments with their own purposes, which are in line with the government's objectives. These government-related institutions or GLICs play an important role in the share ownership of Malaysian firms, as five of the major GLICs held 70% of institutional shareholdings in firms listed on Bursa Malaysia (Abdul Wahab *et al*., 2008). Besides the GLICs, the market for institutional investors in Malaysia also comprises other types of federal and state government institutions, as well as private institutions such as banks, insurance companies and unit trust and mutual funds asset management companies. The following sub-sections describe the types of institutional investors in the Malaysian market.

Pension and Provident Funds:

By general definition, pension and provident funds collect, pool, and invest funds contributed by sponsors and beneficiaries, to provide for retirement income of beneficiaries (Davis, 2002). Although the purpose of both funds is the same, which is to provide retirement income for the depositors, the main difference between the two is based on how the income is paid. Pension funds enable depositors to receive a portion of the income at retirement, while the remainder is paid throughout the retirement age. Similarly, provident funds enable the beneficiaries to receive a lump sum upon retirement.

In Malaysia, the major pension and provident funds are government-controlled institutions, such as the EPF or Kumpulan Wang Simpanan Pekerja (KWSP), KWAP, and LTAT. EPF was established in 1951, to serve as the provident fund for private and non-pensionable public sector employees. KWAP, previously known as the Pensions Trust Fund, was established in 1991 and acts as the pension fund for pensionable public sector employees. LTAT, established in 1972, serves as the retirement fund and other benefits for the armed forces. These pension and provident funds hold vast assets. In 2004, the assets of these funds were estimated at USD 70 billion. Of this amount, USD 63.3 billion belonged to the EPF, which makes the provident fund the largest institutional investor in Malaysia (Ghosh, 2006). More current statistics by Towers Watson, a professional services company, show that EPF is seventh among the 300 world largest pension funds, with the total assets of USD 182 billion in 2013 (Towers Watson, 2014).

Besides these government-managed funds, there are also foreign pension funds and private pension funds, which are usually owned by local firms such as Tenaga Nasional Berhad Retirement Benefit Trust or Public Bank Officers' Retirement Benefit Fund (Abd-Mutalib *et al*., 2013).

Unit Trust and Mutual Funds:

Unit trust or mutual funds are defined as the investment tools or vehicles created by asset management companies specializing in pooling savings from both retail and institutional investors (Abdullah, Hassan, & Mohamad, 2007), with the aim of helping investors to grow their wealth by diversifying their investment portfolios. In Malaysia, the term 'unit trust' is more popular, although some unit trust management companies (UTMCs) use the term 'mutual funds' as well.

Unit trust and mutual funds have experienced considerable growth over the last decade in terms of the number of funds offered, and the volume of capital managed by the UTMCs. In 2004, Malaysian unit trust and mutual fund assets were estimated at USD 23 billion, equivalent to 19.4% of GDP (Ghosh, 2006). Furthermore, statistics by the Securities Commission Malaysia revealed that in 2006, there were 387 launched funds, with a total net asset value (NAV) of RM112 billion (Securities Commission Malaysia, 2006), and the figures have increased to 587 launched funds with a total NAV of RM 222 billion at the end of 2011 (Securities Commission Malaysia, 2011b).

In Malaysia, the situation of unit trust and mutual funds is unique, as they are divided into government-managed and private-managed funds. The government-managed funds are those funds under the management of Amanah Saham Nasional Berhad (ASNB), which is wholly owned by the PNB, one of the GLICs. PNB was incorporated in 1978 to act as a pivotal instrument of the federal government's NEP, the objective being to promote share ownership in the corporate sectors among the Bumiputera. Besides federal government influence through ASNB and PNB, unit trusts in Malaysia are also managed by state government agencies, such as Amanah Saham Kedah Berhad and Amanah Saham Sarawak Berhad. For the private-managed funds, some UTMCs are under the corporate control of local and foreign banks and investment companies.

Pilgrims Fund:

Another major institution in the Malaysian market for institutional investors is the pilgrims fund, which is popularly known as LTH. LTH began operation in September 1963 with the aim of providing a mean of savings for the Muslims who wish to embark on a pilgrimage journey. Prior to the establishment of LTH, Muslims, especially in the rural areas, had to sell their livestock and properties in order to gain cash to pay for pilgrimage expenses. However, this medium poses a dangerous situation to the economic structure and could retard economic growth. Therefore in 1969, based on a working paper to improve the economy for future pilgrims by Royal Professor Ungku Aziz, the Malaysian government decided to form the Future Pilgrim Fund Corporation. The establishment of the institution which is currently known as LTH, is consistent with the objective of managing the funds of the future Malaysian Muslim pilgrims without being based on riba' (usury) system and through investments compliant with Shariah, and which provide benefits to the depositors (Mohd Nor, Abdullah, Ali, & Zakaria, 2012).

The LTH was established under Act 8 of the Pilgrimage Fund and Management Board Act 1969. Besides providing the means to save for future pilgrims, LTH also strives to provide excellent hajj management services and strengthen the depositors' economy by investing in strategic investments locally and globally to ensure sustainable and continuous growth. Although LTH acts as a finance company that invests the savings of would-be pilgrims in accordance with Shariah, its role is rather limited, as it was established as a non-bank financial institution.

Banks:

The market for institutional investors in Bursa Malaysia listed firms also comprises banks, which may be categorized as either domestic or foreign banks. The banking sector's market is dominated by the domestic banks, where in 2001, 75% of the market share belonged to the domestic banks in terms of total assets and total deposits (Bank Negara Malaysia, 2001). Despite the dominance by the domestic banks, the presence of foreign banks is relatively significant. The operation of foreign banks in Malaysia started with the establishment of the Standard Chartered Bank in 1875, and by the end of 1990, 146 branches of 16 foreign banks were operating throughout the country (Marashdeh, 1994). Since then, foreign banks have become key players contributing to the Malaysian economy, with 27% holdings of the market share of the assets of the banking sector in 2012 (Bank Negara Malaysia, 2012).

In terms of operations, the banking system in Malaysia is divided into several categories, namely commercial banks, finance companies, merchant banks, discount houses and money brokers, all of which are licensed under the Banking and Financial Institutions Act (BAFIA) 1989 and supervised by Bank Negara Malaysia (Bank Negara Malaysia, 2001). These banks deal with the traditional functions of banks, including retail-banking services, cross-border payment services, hire purchase financing, leasing, short-term credit, trade financing and many more (Sufian, 2006). The banking operating system is also divided between conventional and Islamic system, where the latter operates within the boundaries of Shariah law. What is unique in the Malaysian banking system is that conventional banks are allowed to offer Islamic banking and finance products along with the conventional products (Sufian, 2007).

Insurance Companies:

The insurance sector in Malaysia is different from other countries based on the fact that it functions under a dual operating system, consisting of conventional and takaful (Islamic insurance) operating systems. Although the takaful system is considered new compared to the established conventional insurance system, the efficiency of takaful system is considered competitive or at par with to the conventional system (Md Saad, Abd Majid, Mohd Yusof, Duasa, & Abdul Rahman, 2006). This situation denotes that both the takaful and conventional insurance systems can provide efficient services to their customers. Therefore, Muslim customers have an alternative way of getting proper security which does not violate the Shariah laws (Islamic Law).

The insurance sector in Malaysia has been progressing well. In 1990, the assets of insurance fund were estimated at only RM 9.5 billion, with RM 7 billion representing the assets for life insurance and the remaining general insurance (Bank Negara Malaysia, 2010). However, this figure has increased over the years; for instance, in the 2010 Malaysian Annual Insurance Statistics, the assets of insurance funds escalated from RM 122 billion in 2007 (RM 102 billion for life insurance and RM 20 billion for general insurance) to RM 166 billion (RM 141 billion for life insurance and RM 25 billion for general insurance) in 2010 (Bank Negara Malaysia, 2010). This scenario shows the increasing trend of assets held by insurance companies.

In Malaysia, many insurance companies are under the corporate control of banks, operating in separate divisions. For instance, Etiqa Insurance and Takaful operate under the corporate control of Malayan Banking Berhad, while CIMB Bank Berhad has its own investment arm through CIMB Aviva Assurance, CIMB Aviva Takaful and BIMB Holdings Berhad with Syarikat Takaful Malaysia Berhad as its subsidiary.

Other Government-Linked Investment Companies (GLICs):

Besides the above GLICs explained in previous sub-sections, two government-controlled institutions, namely a sovereign wealth fund, Khazanah Nasional, and the federal government's investment arm, Menteri Kewangan Diperbadankan (MKD) or Ministry of Finance (Incorporated), MOF (Inc.) also contributes to the market for institutional investors in Bursa Malaysia listed firms. Details of both institutions are discussed in subsequent sub-sections.

(i) Sovereign Wealth Funds:

SWF is a term used to describe a separate pool of government-owned or government-controlled financial assets that include some international assets, which may take many forms and are designed to achieve a variety of economic and financial objectives (Truman, 2008). SWFs may be classified into several categories, including stabilizing funds, savings funds, pension reserve funds and investment corporations (Kunzel, Lu, Petrova, & Pihlman, 2010).

Stabilizing funds refer to the funds that are designed to reduce volatility by accumulating funds in good years, which may be subsequently used in bad years (Andersen & Faris, 2002). These funds are usually set up by countries rich in natural resources to insulate the budget and economy from volatile commodity prices (International Monetary Fund, 2007). The second category for SWF, the savings fund, is for the share of wealth for future generations (International Monetary Fund, 2007). For instance, countries rich in natural resources may set up savings funds by transferring the non-renewable assets into a diversified portfolio of international financial assets to provide for future generations or other long-term objectives (International Monetary Fund, 2007). Another type of SWF is the pension reserve funds. The main feature that differentiates pension reserve funds and pension funds is that the ultimate beneficiaries do not have the legal or beneficial ownership of the funds as in pension funds; instead, the legal beneficiaries for the pension reserve funds are the institutions which administer the pension fund system. The objective of pension reserve funds is to cover identified liabilities often related to an aging population, which may lead to future economic vulnerability and expenditure. Therefore, the fund is a prudent measure to meet such challenges by accumulating assets in the current time to offset the projected liabilities in the future (Das, Lu, Mulder, & Sy, 2009). Lastly, investment corporations refer to SWF funds established as a separate entity with the objective of reducing the negative cost-of-carry of holding reserves or to pursue investment policies with higher returns (International Monetary Fund, 2007), and to enhance returns on reserves (Das *et al*., 2009).

Among the established SWFs of the world is the Malaysian incorporated SWF institution, Khazanah Nasional Berhad (KHAZANAH) (Kunzel *et al*., 2010), which was incorporated in September 1993 as a private limited company governed by the Companies Act, 1965. The equity of KHAZANAH is owned by the Ministry of Finance, which in essence makes KHAZANAH a wholly owned entity of the Malaysian Government. KHAZANAH operates as the government's investment holding arm, with the objective of promoting economic growth and making strategic investment which may contribute to nation building.

(ii) Minister of Finance (Incorporated):

The Ministry of Finance (Incorporated) or MOF (Inc.) was established as a corporate body under the Ministry of Finance (Incorporation) Act 1957, with the objective to oversee the investments made by the federal government of Malaysia. The act provides the authority to this institution to enter into contracts, acquisitions, purchases, possessions, holdings and maintain tangible and intangible assets on behalf of the federal government. MOF (Inc.) holds shares in various public and private firms in several sectors, namely the social, infrastructure and public facilities, technology, and economy sectors.

Other Institutions:

Besides the major institutions as discussed in the above sections, the market for Malaysian listed firms' institutional investors also comprise other institutions, such as the SOCSO, which was established in 1971 as an agency under the Ministry of Human Resources. The objective of its establishment is to enforce, administer, and implement the Social Employees' Security Act 1969 and Social Employees' General Safety Regulations 1971. SOCSO provides social security protection through social insurance, including medical and cash benefits, provision of artificial aids and rehabilitation to employees to reduce the sufferings and financial guarantees and protection for the family.

Other institutions are government-related institutions, whether the federal government, such as agencies belonging to the Government Ministries, the state government institutions, such as Majlis Agama Islam for respective states and development authorities, credit cooperatives, foundations and charities, whether domestic or foreign, which only hold an insignificant amount of shareholdings in the market for institutional investors among Malaysian listed firms.

Methodology:

The population of study is the firms listed on Bursa Malaysia in the year 2011. Bursa Malaysia categorizes its listed firms into 11 categories, which are consumer products, industrial products, construction, trading and services, property, plantation, technology, infrastructure, finance, hotels, and real estate investment trust (REIT). Roscoe (1975), suggests that appropriate sample size should be between 30 and 500 samples. However, when samples are to be broken into different categories, the minimum of 30 per category is recommended. As such, by applying the rule of thumb of 30 samples per category, a total of 330 samples are selected for this study, and these categories are sampled using the stratified random sampling technique.

Institutional investors are defined according to their types as implied in previous research (Chaganti & Damanpour, 1991; Hsu & Koh, 2005; Koh, 2003), such as pension funds, unit trust and mutual funds, banks and insurance companies. The institutions are also segregated according to their investment behavior; dedicated institutions are those with long-term horizons in making investment decision, while transient institutions are those with short-term investment horizon, as proposed by previous research (Abd-Mutalib, Muhammad Jamil, & Wan-Hussin, 2015; Cox, Brammer, & Millington, 2004; Cox & Wicks, 2011). The previous studies conclude that pension funds, government-managed unit trust funds and pilgrims funds to have dedicated behavior, while private-managed banks, private-managed mutual funds and insurance companies are with transient behavior. Furthermore, institutions are also separated according to their ownership status; whether they are government-owned, private-managed or foreign-owned institutions.

All types of institutional investors are measured by the percentage of ordinary shares owned by each type of investor to the number of ordinary shares issued, which has been largely used in previous studies (Abd-Mutalib *et al*., 2015; Abdul Wahab *et al*., 2008; Chaganti & Damanpour, 1991; Cox *et al*., 2004). The institutional ownership data is captured from the "30 largest shareholders" section in the 2011 annual reports of the sampled firms.

Findings:

Presence of institutional investors' shareholdings:

Table 1 presents the result of the existence of institutional shareholdings in Bursa Malaysia listed firms. The findings indicate that among the 330 samples under study, 229 firms or 69.4% of the firms have institutional shareholdings, while only 101 firms or 30.6% of the firms are without the holdings from institutional investors.

Table 1: Percentage of Firms with Institutional Investors' Shareholdings.

	Frequency	Percentage
Without Institutional Investors' Ownership	101	30.6
With Institutional Investors' Shareholdings	229	69.4
Total	330	100.0

Percentage of shareholdings by different types of institutional investors:

Table 2 (Panel A-D), presents the results on the shareholdings by different types of institutional investors. In Panel A, the results reveal that in total, institutional shareholdings contribute to 13.22% of total shareholdings among Bursa Malaysia listed firms. Furthermore, the maximum count shows 92.94% institutional shareholdings, thus verify that there are firms which are being highly dominated by institutional investors.

Table 2: Percentage of holdings by types of institutional investors.

PANEL A				
Institutional Ownership Types	Min	Max	Mean	SD
TOTAL	0.00	92.94	13.22	20.04
PANEL B				
Pension Funds	0.00	43.03	1.97	4.77
EPF	0.00	42.20	1.43	3.92
KWAP	0.00	9.52	0.35	1.25
LTAT	0.00	12.64	0.15	1.14
Others (Private-managed)	0.00	4.73	0.04	0.35
Unit Trust & Mutual Funds	0.00	57.31	3.42	7.09
PNB	0.00	53.76	1.53	5.63
Foreign	0.00	23.26	0.77	2.33
Domestic	0.00	24.51	1.10	2.99
Others (Govt-managed)	0.00	3.61	0.02	0.21
Pilgrims Fund (LTH)	0.00	68.60	1.53	6.43
Banks	0.00	32.03	1.72	3.71
Foreign	0.00	32.03	1.40	3.26
Domestic	0.00	17.45	0.32	1.93
Insurance Companies	0.00	73.73	0.76	4.51
Foreign	0.00	73.73	0.55	4.19
Domestic	0.00	24.53	0.21	1.50
Other Institutions	0.00	70.32	3.81	12.05
Federal Government	0.00	62.49	1.37	6.75
State Government	0.00	70.32	1.74	0.41
Foreign Government	0.00	5.34	0.07	8.47
Hedge Funds (Foreign)	0.00	3.52	0.02	0.24
Coorperatives (Domestic)	0.00	56.42	0.27	3.18
Foundation & Charities (Domestic)	0.00	49.77	0.34	3.61
PANEL C				
Dedicated Institutions	0.00	75.50	5.05	11.00
Transient Institutions	0.00	80.46	4.36	7.67
Undetermined	0.00	70.32	3.81	12.05
PANEL D				
Government-managed	0.00	89.14	8.11	16.23
Private-managed	0.00	56.42	2.28	6.17
Foreign Institutions	0.00	75.79	2.82	6.28
Variables Definition: EPF = Employees Provident Fund; KWAP = Retirement Funds Incorporated; LTAT = Armed Forced Fund Board; PNB = Permodalan Nasional Berhad; LTH = Lembaga Tabung Haji. Dedicated institutions = Pension funds, government-managed unit trust funds (PNB) and government-managed pilgrims fund (LTH); Transient institutions = Banks, private-managed mutual funds, and insurance companies. N = 330				

When institutions are divided into five broad categories (excluding the institutional investors classified as "others"), namely pension funds, unit trust and mutual funds, pilgrims fund, banks, insurance companies and others, it is found that the unit trust and mutual marks the highest percentage of shareholdings with the mean of 3.42%, followed by the pension funds with 1.97% and banks with 1.72%. As separate entities, the PNB and the LTH mark the highest shareholdings at 1.53%, followed by the EPF with 1.43%.

Panel C states the results of institutional shareholdings according to their investment behavior. The results reveal that dedicated institutions hold a higher percentage of shareholdings with a mean of 5.05%, while transient institutions with the mean of 4.36%. Meanwhile, in Panel D, the government-managed institutions show a significant level of shareholdings with the mean of 8.22%.

Dicsussion:

The first objective of this study is to examine the presence of institutional investors the shareholdings of Malaysian listed firms. The results reveal that 69.4% of the listed firms under study have institutional shareholdings in their ownership structure, thus signaling institutional investors' ability to penetrate the portfolios' ownership structure due to the immense amount of assets possessed by them.

The second objective is to identify the level of shareholdings by different types of institutional investors, whether in total, by their nature, investment horizons, or their ownership status. The results reveal that in total, only 13% of the shareholdings in Bursa Malaysia listed firms belong to institutional investors. Compared to developed countries with more than 30% of shareholdings, the level is low. However, a previous study justify that among the 10 largest firms listed on Bursa Malaysia, the institutional investors hold 50% of shareholdings (Saleh *et al*., 2010). These situations thus clarify that institutional investors tend to invest in firms with large size.

The results in previous section also highlight that the unit trust and mutual funds, followed by the pension funds and banks, hold the highest percentage of ownership. These findings provide new insights on the institutional shareholdings, as the results of a previous study (Ghosh, 2006) reveal that the largest share ownership was that of pension funds. Thus, the findings justify that the unit trust and mutual funds are seen as gaining its significance in profiling their existence in the shareholding structure among the listed firms. The significance of the unit trust and mutual funds can also be justified by the fact that government-managed unit trust fund, or PNB, holds the highest level of shareholding, as with the pilgrim's fund and LTH.

In relation to their nature, dedicated institutions are seen to hold higher percentage of shareholdings. This is a good sign as previous studies show that the presence of dedicated institutions may mitigate earnings management (Abdul Jalil & Abdul Rahman, 2010; Chung *et al*., 2002; Hsu & Koh, 2005; Koh, 2003) and inculcate social responsibilities (Abd-Mutalib *et al*., 2013; Johnson & Greening, 1999; Oh & Chang, 2011). Finally, government-managed institutions are seen to be dominating the market for institutional investors among Bursa Malaysia listed firms, thus confirms the findings in previous studies (Abdul Wahab *et al*., 2008).

Conclusions And Avenues For Future Research:

The purpose of this study is to explore share ownership of institutional investors among Bursa Malaysia listed firms. The results have revealed that unit trusts and mutual funds as a whole have the highest percentage of shareholdings. By separate institutions, the PNB and LTH dominate the share ownership, followed by the EPF. Furthermore, dedicated institutions display higher level of ownership compared to transient institutions. Finally, government-related institutional investors are seen to possess higher control in the share ownership of Bursa Malaysia listed firms.

The study is not without limitations. Firstly, it focuses only on descriptive statistics of the ownership by institutional investors in Bursa Malaysia listed firms. Secondly, the measurement for institutional ownership is limited to the percentage of ownership by institutional investors. Future research may consider examining the factors that might give impact to such ownership, thus providing insights into the dynamics of institutional investments and shareholdings, and may also consider gauging the value of the shareholdings.

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