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# Gender Diversity and Ownership Structure of Malaysian Firms in the Real Estate Sector

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## Abstract

This study aims to examine the relationship between gender diversity and real estate companies' performance in Malaysia, whereby in 1985, the Government of Malaysia formulated a National Policy on Women as a guide for women's participation. Panel data analysis was used to examine the gender diversity and real estates' performance in an unbalanced panel of 549 observations for the years 2012-2015. The authors utilised an agency theory to inform the discussion of this paper's findings. This study finds that the woman directors in the real estate companies are dominated by family-companies. The existence of block holders enhances the firm governance by monitoring the board activities which in turn increase their effectiveness and efficiency that lead to a higher firm performance. Both the managerial ownership and the institutional investors are significant in determining the firm's performance. The reason may be due to higher ownership controlled by managerial and investor which makes them have a say in a company and try to pursue their objectives rather than the stakeholders' interests. The findings have contributed to the body of knowledge especially on the women participation in Malaysia, and their contributions. Gender diversity does not destroy the firm performance; in fact, Malaysian companies should focus on the right combination of men and women on the board, rather than the presence of at least a woman on a board of directors. The findings outlay the scenario of women's involvement in the real estate companies in Malaysia. There is a positive direction for women's involvement in the board, but it is still a long way to go. Very limited studies delved on gender diversity and real estate companies in Malaysia, even though there is a policy by the Government on women involvement in Malaysia.

**Keywords:** Agency theory; Gender diversity; Ownership structure; Real estate; Malaysia.



## 1. Introduction

Real Estate (RE) is a property which comprised of land and the buildings on it, as well as the natural resources of the land including uncultivated flora and fauna, farmed crops and livestock, water and minerals. In broad, RE can be grouped into three broad categories based on its use, which are: residential, commercial and industrial. Most of the RE companies in Malaysia, for example, MK Land, Tan & Tan, and Genting are family companies and these companies are listed on Bursa Malaysia. Often, it is a family member and the founder of the firm or his descendants that control shareholders, who have control over the firms considerably in excess of their cash flow rights. As a consequence, these companies tend to have a problem with separation of ownership and control. The controlling shareholders, either individuals/families or institutional/corporations are in the position to expropriate minority interests using their dominant voting right. For public listed companies (PLCs) as well as RE companies, Board of Directors (BOD) is the main agent that plays important roles in the company's decision making which helps to enhance its performance. They are elected as the shareholders' representative. However, the role of the board as a monitoring mechanism might be less effective as Malaysian corporate governance is greatly influenced by the ownership structure which has an indirect impact to board composition, board practices and board decisions (Zulkafli *et al.*, 2005). This situation exists due to the highly concentrated shareholding of Malaysia (PLCs) by families and the government. As the major controlling shareholders, both family and government are involved in the operation of the companies via management or by becoming a member of board committees. It is claimed that large ownership or ownership concentration may contribute deficiencies in corporate governance (Thillainathan, 2001). In Malaysia, the controlling-shareholder (i.e. those holding more than 50% ownership) through pyramid structure is prevalent.

Another issue that is associated with the RE industry is the female workforce. Women participation and contribution have shown a significant growth in Malaysia Real Estate Sector (MRES). Though their significance is not as advanced as Women of the Real Estate (WIRE) in the West, they are entrepreneurs from inside the MRES industry whose ideas are influencing the way properties are bought, managed and sold (Pulsinelli, 2012). Based on the in Malaysia, the percentage of WIRE/female involved in MRES, renting and business activity is 5.9% which are

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slightly higher than the percentage of male as revealed at 5.3%. The research found that WIREs in Malaysia are not being acknowledged as much as WIREs in the West, as MRES is traditionally male-dominated and WIREs participation and contribution are not seen as very significant to the national community at large (Woon *et al.*, 2013). A survey by the Ministry of Women, Family and Community Development reveals that women only comprise 7.6% of the members in the corporate board of directors. Perhaps, many Malaysian listed firms still do not see the potential role of women in enhancing firms' performance. In the real estate also, there are very few women that are involved in this sector. Why are they not appointed to the board? Are they not good enough in contributing to the real estate companies? Therefore, it is necessary to have empirical evidence in Malaysia to help Malaysian real estate companies to better understand the potential roles of women in helping the board of directors to efficiently execute their functions.

Corporate governance in the real estate industry is potentially more challenging than that in other industries because of the heightened information frictions as a result of high transaction costs, illiquidity, and heterogeneity of the real assets (Fan *et al.*, 2013). More importantly, corruption, political intervention, and bribery are particularly prevalent in real estate and construction sector. OECD (2014) shows that 57% of the bribery is related to procurement which are often related to major infrastructure and real estate development projects. Thus, this paper is timely to be discussed as the issue is crucial and very few studies delve on this issue. The objectives of this paper are 1) to examine the proportion of board diversity among Malaysian real estate companies, 2) to examine whether specific board characteristics is associated with the performance of Malaysian real estate companies and 3) to examine whether the ownership structure is associated with the performance of Malaysian real estate companies.

## 2. Appointment of Female Directors

The appointment of female directors leads to the positive improvement in the board's control and strategic functions (Kang *et al.*, 2010), contributes to a range of experiences and values (Selby, 2000), create an important symbolic value in the company (Fondas, 2000) and indirectly affects the firm's performance and business reputation (Folker, 2008) in many positive ways. Dezso and Ross (2012) studies in the US firms by using Tobin's Q as a base to measure the performance. Whilst, Smith *et al.* (2005) also offered the positive finding as they found that the mixed of women directors on corporate board lead to the significant positive effect on a firm performance. Fondas (2000) argues that women have more advantage in terms of skills to understand customers and market. This is attested by their purchasing power as compared to men. Thus, they can give great advice, propose more strategic plan, penetrate other potential markets, stimulate more sales and consequently generate higher income to the company. Consistent with that, Folker (2008) also found that women management style enhances firm performance by facilitating teamwork and innovation.

In addition, from the perspective of corporate governance, appointing female directors can be translated as a good governance practice which is expected to increase the company's value. A critical factor on good governance appears to be on these two: board diversity and shareholder value creation (Carter *et al.*, 2003). The study by Gordini and Rancati (2017) evidenced that the ratio of women to men on the board and the diversity indices had a positive effect on a firm financial performance in Italy. The same results also reveal in Turkey's study by Kilic and Kuzey (2016) that female directors significantly and positively impact a firm financial performance. Thus, they postulated that firm with a good value and higher performance is always to be associated with good governance. Therefore, it is argued that the inclusion of women director on board of RE companies can increase the company's performance and enhance the image of the company as RE companies are always smeared with an unpleasant picture of business practice and closely associated with corruption, political intervention, and bribery. Thus, based on the arguments above, this study postulates that:

H1 The presence of female director(s) on the board is positively associated with the performance of Malaysian Real Estate companies.

### 2.1. Board Size

Board size refers to the number of directors who serves on the board, and the size of a board may be increased due to the increase in shareholders activism, consolidation in banking industries and increase in firm size. Nevertheless, it has been suggested that large boards are more superior to the small ones because big groups have more capabilities and resources to solve group tasks including environmental uncertainties. As the board is large enough, it may appoint women as their board members (Haniffa and Cooke, 2002). According to Haniffa R. and Hudaib (2006) larger board size increase diversity, lessen uncertainty in a corporate environment (Dalton, 1999), give access to greater and more effective external linkage (Pfeffer and Salancik, 1978) which lead to a greater company's performance. Nekhili and Gatfaoui (2012) claim that the size of the board of directors can moderate the related conflict of interest and gender diversity within boardroom is seen as an advantage. The study by Brammer *et al.* (2007) and Hyland and Marcellino (2002) found that a large board tends to have greater numbers of women on it. In contrast, the study by Ishak *et al.* (2015) evidenced that a larger board size is less likely to offer women to join their board colleague. Therefore, in this study, we hypothesize that:

H2 Larger board size is positively associated with the performance of Malaysian Real Estate companies.

### 2.2. Board Independence

Board independence refers to the balance of the composition of the board of directors of non-executive members and independent members. Studies have shown that non-executive directors on board provide independent opinions and objective monitoring of the companies' operations and direction. Their presence further contributes to higher quality financial reporting, thereby reducing the incidence of earnings management (Erena and Tilahun, 2012; Lo *et al.*, 2010). Moreover, female directors and corporate experience contributed to more effective monitoring and control. Kantudu and Samaila (2015) examined the effect of monitoring characteristics on financial reporting quality of Nigerian listed oil marketing firms in year 2000 to 2011. They found that firms with a greater percentage of independent directors had a higher financial reporting quality. Moreover, independent non-executive directors can serve a constraint by providing an effective monitoring and advisory role to the board of directors despite the independence. The appointment of independent directors to the board is one example of good corporate governance (Cho and Kim, 2007) which leads to the strongest monitoring by management (Jiraporn *et al.*, 2009) that can be seen by a significant improvement in companies' operating performance. Therefore, in this study, we hypothesize that: H3 The presence of independent nonexecutive director(s) on board is positively associated with the performance of Malaysian Real Estate companies.

## 2.3. Family Ownership

Another important element to be studied in this paper is the ownership structure of real estate companies in Malaysia. The uniqueness of family firms is also underpinned by the family ties that bind them together (Litz, 1995), where the family spirit is inculcated from childhood, thus becoming the internal monitoring mechanism which controls the family business (Fama and Jensen, 1983). Therefore, family-controlled firms are much governed by family traits (Mishra *et al.*, 2001), and provide a competitive advantage to the firm (Burkart *et al.*, 2003). In fact, Maury (2006) claims that family control firms in Western Europe seem to benefit minority shareholders rather than harm them. However, this claim is disputed by Bebchuk *et al.* (2000) and Claessens *et al.* (2000), who argue that concentrated ownership creates agency problems. The agency problem in family-controlled companies may occur between the minority shareholders and the family owners (principal-principal conflicts) (Villalonga and Amit, 2006), instead of principal and agent conflicts. According to Claessens *et al.* (2000), the controlling shareholders may ignore the minority shareholders' interests due to the difference in their ultimate objectives, and may mislead managers into making non-value-maximising investment decisions (Ferris *et al.*, 2003) and into misallocating corporate resources in unproductive business units (Rajan *et al.*, 2000). Due to mix result on the relationship between family ownership and performance, Peng and Jiang (2010) assert that the impact of family control on a firm's value differs across countries; this hinges upon the level of investor protection enshrined in the legal and regulatory institutions of a particular country. Based on previous studies, we hypothesize that:

H4 Family-company is negatively associated with the performance of Malaysian Real Estate companies.

## 2.4. Managerial Ownership

In the light of the agency theory perspective, the separation of ownership and control leads to agency conflict between the owners and the managers of a firm (Jensen and Meckling, 1976; Shleifer and Vishny, 1986). It is claimed that a manager may manipulate his position to pursue his own interests at the expense of the shareholders. Hence, according to Jensen and Meckling (1976), the best mechanism to solve the agency problem between these two parties is ownership by corporate managers. Managerial-share ownership is thought to lessen the potentially hazardous actions taken by managers (such as engaging in inferior projects, seeking other perquisites, and shirking) that might expropriate shareholder wealth. Therefore, this helps in aligning the principal and managerial interests. Jensen and Meckling (1976) argue that concomitant with an increase in managerial ownership, a firm's performance increases, since managers with vested interests are more responsible for maximising a firm's value, rather than shrinking it. On the other hand, zero or low ownership by managers triggers them to find alternative perquisites outside the firm, for instance, multiple-directorships, which can satisfy their ambition for establishing their reputation or self-fulfilment (Jiraporn *et al.*, 2009). Then, they become too busy to reap their private benefits and neglect their managerial responsibility in the company which is detrimental to the shareholders. Therefore, managerial ownership is considered to be the best mechanism for aligning the divergence of interests between managers and shareholders. However, Jensen and Ruback (1983) debated that the entrenchment hypothesis revealed that the more shares board of directors hold, the higher the possibility that board of directors decision-making is overly conservative due to the security of their positions. Hence, based on the arguments above, we hypothesize that:

H5 Managerial ownership is negatively associated with the performance of the Malaysian Real Estate companies.

## 2.5. Institutional Ownership

It is widely claimed, with the growth of institutional ownership that their role and capacity as shareholders have also evolved. In Malaysia, institutional shareholder activism is not something common, albeit that the backdrop of institutional participation in the equity market is still in its infancy stage and emerged from contrasting roots. In 1996, before the Asian Financial Crisis (AFC) 1997/1998, institutional shareholdings in the Public Listed Companies (PLCs) in Malaysia accounted for 47.8%, which was as high as the developed market (Suto, 2003). The holding of foreigners was 19.2% and the remaining balance, 43%, was the holdings of non-Malay citizens. From the perspective of the agency theory, when it is applied to the developed economies, the large shareholders, including institutional investors, might help in solving the free-rider problems of small shareholders (Shleifer and Vishny, 1986). It is contended that large external equity holders help to mitigate the agency problems by using their strong influence to monitor and discipline management (Shleifer and Vishny, 1986). However, in contrast, Villalonga and

Amit (2006) claim that large institutional shareholders may not have the incentive to monitor management, and they may even coerce with management.

Most of the major institutional investors in Malaysia are government agencies and social securities funds, such as the Employees Provident Fund (EPF) and national unit trusts, are state-backed institutions. These institutions have been used by the government to hold equity issues arising from the privatisation of government enterprises and to support equity financing growth sectors since 1980 (Suto, 2003). Institutional investors in Malaysia are less likely to monitor the firms they invest in, and this hinges upon the government intervention to manage funds. Therefore, it is suggested by Suto (2003) that the issue of information asymmetry problems must be more serious for firms held by institutional investors with the emergence of the free-rider problem, and also, it does not help to mitigate the agency cost. Despite the fact that a few regulations have arisen to regulate funds in Malaysia since the 1990s, these institutional investors are still enmeshed with government policies, which makes them difficult to make their own decision. In addition, in order to serve the public interest, a trade-off between performance and social welfare need to consider institutional investor-controlled firms. Therefore, many of the institutional investors-controlled firms are more likely facing low performance. Thus, the following hypothesis is:H6 Institutional ownership is negatively associated with the performance of Malaysian Real Estate companies.

### 2.6. Block Holder Ownership

Block holders ownership refers to the percentage of shares owned by owners of 5% or more. The block holders may be individuals from other institutions. Denis *et al.* (1997) argued that ownership by block holders is an important internal corporate governance. Higher ownership by block holders can reduce management entrenchment and promote a more active board. Thus, it will mitigate agency problems and align the incentives of the shareholders and managers which in turn increase the performance of the firm. However, a study by suggests that firms with high block ownership have a negative impact on firm performance. The results indicate that firm performance represented by Tobin’s Q does not reward firms with block owners as the market fears large shareholders would impose their wills in order to improve their own positions at the expense of other shareholders, thus favouring a dispersed ownership structure. Thus, the hypothesis derived is:

H7 Block ownership is positively associated with the performance of the Malaysian Real Estate companies.

## 3. Methodology

### 3.1. Data

The companies’ annual reports become the meaningful sources to extract the data of board characteristics and ownership structures for Malaysian properties and construction companies listed on Bursa Malaysia which spans for four (4) years; from 1 January 2012 until 31 December 2015. The property comprised of land and the buildings on it as well as the natural resources of the land including uncultivated flora and fauna, farmed crops and livestock, water and minerals. Although media often refers to the "real estate market" from the perspective of residential living, real estate can be grouped into three broad categories based on its use: residential, commercial and industrial. Data were collected starting from the year 2012 as the Malaysian Code of Corporate Governance (MCCG) revised was already in place during the period. The year 2015 was chosen as the last year for data collection since this was the latest of the financial year ends for all companies with a ready and published annual report at the time the process of data collection began. The details of the director characteristics and ownership structure were retrieved from the Director’s Profile in the annual report and were supplemented with other reliable documentations and sources.

### 3.2. Research Model

Based on the research objective, the research model is provided below:

$$PERF_{it} = \alpha + \beta_1 WDIR_{it} + \beta_2 BSIZE_{it} + \beta_3 BIND_{it} + \beta_4 FAMILY_{it} + \beta_5 MGRIAL_{it} + \beta_6 INST_{it} + \beta_7 BLOCK_{it} + \beta_8 FSIZE_{it} + \beta_9 LEV_{it} + \beta_{10} AUDITOR_{it} + \varepsilon_{it} \quad (1)$$

| | |
|---|---|
| **PERF** | **Corporate performance which is measured by accounting-based performance (ROA) and market-based performance (Tobin’s Q). ROA is measured as the ratio of accounting earnings before interest and taxes to the book value of assets, Tobin’s Q is the ratio between market value and book value of companies’ shares.** |
| **WDIR** | **Equals one if the company has a woman director on the board, and equals zero if otherwise.** |
| **BSIZE** | **Number of members on board.** |
| BIND | Proportion of outside members in firm’s board. |
| FAMILY | Proportion of family directors on board. |
| MGRIAL | Percentage of shares owned by executive directors. |
| INST | Percentage of shares owned by institutional investors*. |
| BLOCK | Percentage of shares owned by individuals which hold 5% or more of total shares outstanding. |
| FSIZE | Size of company is measured by natural log of Total Assets |
| LEV | Total debt/ total assets. |
| AUDITOR | The big four audit firms (EY, PwC, KPMG, Deloitte) |

In order to explain the variation of the dependent variables (ROA and Tobin's Q), seven (7) independent variables and three (3) control variables were analysed. The unbalanced panel data of 549 observations from 151 RE companies for the time period of four years was utilised. The static panel data was adopted where the same companies were selected over the period of investigation.

## 4. Results and Discussion

Table 1 shows the means, medians, standard deviations, minimum and maximum for all variables in the study. The information presented in Table 1 is devoted to answering the first research objective, which is to examine the proportion of board diversity among the Malaysian RE companies. In general, the average size of the corporate board (BSIZE) in RE companies is seven (7) with the minimum of three (3) numbers of directors on board and the highest is 13. The average proportion of the independent directors (BIND) on board is 48%, and the maximum proportion is quite high which was documented at 88%. Women director (WIRDIR) was recorded at the average of 10% of board size proportion. However, from the observation, many companies are not represented by women directors on board. The highest number of women directors on board for the RE companies is recorded at 50% of the board size.

The number of family members on the board in average is 23% from the board size and in certain companies; it can reach up to 75% of board size. For managerial ownership, the average shares owned by the manager are 31.94% with maximum shareholdings of 89.39%. The average shareholding of the institutional investors is small as the percentage of share is 3.68%. In contrast, the share owned by block holders is at an average of 47.59%. Based on data gathered, it seems that RE companies are either controlled by the family, managerial or block holders.

**Table-1.** Data Distribution

| | Mean | Median | Std. Deviation | Minimum | Maximum |
|---|---|---|---|---|---|
| ***Dependent Variables:*** | | | | | |
| ROA | 0.04 | 0.03 | 0.09 | -1.20 | 0.50 |
| TOBIN | 0.94 | 0.75 | 0.77 | -1.37 | 7.95 |
| ***Independent Variables:*** | | | | | |
| BSIZE | 7.32 | 7.00 | 1.79 | 3.00 | 13.00 |
| BIND | 0.48 | 0.44 | 0.12 | 0.20 | 0.88 |
| WDIR | 0.10 | 0.10 | 0.12 | 0.00 | 0.50 |
| FAMCO | 0.23 | 0.25 | 0.22 | 0.00 | 0.75 |
| MGRIAL | 31.94 | 31.51 | 24.39 | 0.00 | 89.36 |
| INST | 3.68 | 0.00 | 10.43 | 0.00 | 77.65 |
| BLOCK | 47.59 | 49.41 | 19.06 | 0.00 | 89.36 |
| | | | | | |
| ***Control Variables:*** | | | | | |
| AUDITOR | 0.45 | 0.00 | 0.50 | 0.00 | 1.00 |
| ASSETS (RM) million | 1,581,596.86 | 740,822.00 | 2,620,902.67 | 21,023.00 | 19,529,493.00 |
| LEV | 0.21 | 0.20 | 0.15 | 0.00 | 0.74 |

Table 2 presents the frequency and percentage for the variables. It is shown that out of 549 total observations, 57.01% (313) are family-type companies (FAMCO) which strengthen the claim that majority of the RE companies in Malaysia is dominated by family companies. It is also interesting to highlight the trend of women director on board (WDIR) where the presence of women is considered as substantial when more than half of the total observations (53.19%) report the existence of women director on corporate board for the RE companies in Malaysia. Thus, it is interesting if the connection between women on board and family companies in the RE industries is further explored.

**Table-2.** Frequency and percentage of variables

| | | Frequency | Percent |
|---|---|---|---|
| | | n= 549 | 100% |
| FAMCO | 0 | 236 | 42.99% |
| | 1 | 313 | 57.01% |
| WDIR | 0 | 257 | 46.81% |
| | 1 | 292 | 53.19% |
| BDUAL | 0 | 379 | 69.03% |
| | 1 | 170 | 30.97% |

Another descriptive analysis was utilised to understand the possible relationship of the women director presence on family company corporate board in RE industry. In general, the figures in Table 3 shows that family-type company in RE industries tends to be represented by a higher number of women directors compared to the non-family type companies. The maximum number of women directors on family companies' board is five (5) while the number for the non-family company is only recorded at two (2). The recent proof seems to reaffirm that in general, the presence of women on board in RE industry is interlinked with the family companies.

**Table-3.** Summary of women director on family companies' corporate board

| | | NONFAMCO | FAMCO |
|---|---|---|---|
| | | n= 236 | n= 313 |
| WDIR_N | Min | 0 | 0 |
| | Max | 2 | 5 |
| | Mean | 0.52 | 0.92 |

Further, for robustness purposes, a chi-squared test of association was performed. The results of the test are shown in the following Table 4.

**Table 4.** Pearson Chi-squared test for WDIR and FAMCO

| | | Total | NONFAMCO | | FAMCO | |
|---|---|---|---|---|---|---|
| **WDIR** | 0 | 257 | 141 | 60% | 116 | 37% |
| | 1 | 292 | 95 | 40% | 197 | 63% |
| | | **549** | **236** | **100%** | **313** | **100%** |
| | Value | | | 27.809 | | |
| | Pearson Chi-squared | | | | | |
| | Sig. 2-tailed test | | | 0.000 | | |

Referring to the output of the Pearson Chi-Squared test in Table 4, women director (WDIR) found to have an association (p-value < 0.05) with the family company (FAMCO). This indicates that the frequencies and percentages shown in Table 2 and 3 previously provide meaningful information to explain the link between these two variables. Thus, Table 4 has validated the association between WDIR and FAMCO in the RE industry. The finding validates the claim by Claessens *et al.* (2000) that women directorship is closely related to family owned companies which suggest that women directors are often recruited with the power or with a will of families' member in a company. It is suggested by the theories that women directorship is nurtured from family firms as it has a productive environment for them to access a better leadership opportunity compared to the other type of ownership (Ishak *et al.*, 2015). This is consistent with the finding by Nekhili and Gatfaoui (2012) when they find a positive and significant relationship between family ownership and a number of women on companies' board.

Table 5 describes the correlation between the dependent variables and independent variables as well as the correlation among independent variables. Using an accounting measure, there is a significantly negative relationship between board independent and leverage with ROA. These results indicate that the RE firms with a high proportion of outside directors and high leverage have a low performance. In contrast, the RE firms which are controlled by family, managerial or block holder exhibit a higher performance. Similarly, larger firms and firms audited by the BIG 4 are also enjoying high performance. Tobin's Q results show that family ownership does not improve a firm performance, while institutional investors and block holder increase the RE market performance. A firm that is controlled by an institutional and block holder tend to have a large board size, a high proportion of outside board members and less likely to invite women as the board of directors. Family controlled-firms are less likely to invite outsider as a board member and tend to propose women as a board member.

**Table-5.** Pearson Correlation for Dependent, Independent and Control Variables

| Variables | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. ROA | 1 | | | | | | | | | | | |
| 2. Tobin Q | -0.046 | 1 | | | | | | | | | | |
| 3. BSIZE | 0.015 | -0.024 | 1 | | | | | | | | | |
| 4. BIND | -0.107* | 0.028 | -0.296 | 1 | | | | | | | | |
| 5. WDIR | 0.041 | -0.043 | -0.006 | -0.098* | 1 | | | | | | | |
| 6. FOWN | 0.093* | -0.106* | 0.062 | -0.333** | 0.288** | 1 | | | | | | |
| 7. MGRIAL | 0.169** | -0.067 | 0.013 | -0.106* | 0.064 | 0.387** | 1 | | | | | |
| 8. INST | 0.033 | 0.113** | 0.239** | -0.047 | -0.030 | -0.185** | -0.159** | 1 | | | | |
| 9. BLOCK | 0.112** | 0.133** | 0.089* | -0.033 | 0.041 | -0.001 | 0.375** | 0.127** | 1 | | | |
| 10. BIG4 | 0.144** | -0.031 | 0.184** | -0.087* | -0.025 | -0.98* | 0.015 | 0.179** | 0.118** | 1 | | |
| 11. FSIZE | 0.184** | -0.063 | 0.388** | -0.103* | 0.069 | -0.044 | 0.006 | 0.487** | 0.086* | 0.368** | 1 | |
| 12. LEV | -0.150** | 0.036 | 0.111** | 0.053 | 0.101** | -0.031 | 0.122** | 0.157** | 0.019 | 0.113** | 0.361** | 1 |

** significant at 5 % level, * significant at 10% level

The results from Table 6 shows that, for the accounting measurement model (ROA), all the variables (board size, the proportion of independent director and family company) but not including women directors (WDIR) are found to significantly relate with the companies' ROA. However, for the value creation model, only family company (FCOM) is found to be significant with Tobin's Q, but, in the inverse direction. It turns out that WDIR consistently portrays insignificant, and its insensitivity to the dependent variables (ROA and Tobin's Q) is in both models. These indicate that the woman directors in Malaysia are still not at par to be compared to the woman directors in other developed countries. Thus, their presence in the corporate board makes no difference as they are only viewed as 'tokenism'.

**Table-6.** Regression Results for GLS Estimation Model – ROA & Tobin's Q

| | | **(i)ROA** | | **(ii)Tobin's Q** | |
|---|---|---|---|---|---|
| Variables | Expected Sign | Coefficient | z-statistic | Coefficient | z-statistic |
| Intercept | | -0.147 | -3.19*** | 1.652 | 3.85*** |
| WDIR | + | 0.009 | 1.30 | 0.009 | 0.14 |
| FAMCO | - | 0.012 | 1.69** | -0.132 | -1.91* |
| BSIZE | + | -0.006 | -2.75*** | 0.005 | 0.27 |
| BIND | + | -0.066 | -2.14** | 0.030 | 0.11 |
| *Control Variables* | | | | | |
| FSIZE | + | 0.020 | 5.71*** | -0.056 | -1.73* |
| LEV | - | -0.146 | -5.93*** | 0.333 | 1.46 |
| AUD | + | -0.015 | 2.03** | -0.017 | -0.25 |
| | | | | | |
| *N* | | | 549 | | 549 |
| No of groups | | | 51 | | 151 |
| Time periods | | | 4 | | 4 |
| Log likelihood | | | 595.0174 | | -627.2283 |
| Wald Chi-square | | | 75.25*** | | 8.51 |

The statistic also shows that most of the RE companies with women director(s) on board are dominated by family-companies. The family relationship has tied up these female directors to be on board. Their appointment may be a strategy for the family companies to be more on expanding the family business empire or putting a successor or representative inside the family company. Thus, the impact on the company's performance and value is assumed to be none or at least at the very minimal level. For the other independent variables, under the accounting measurement model (ROA), board size (BSIZE) and board independence (BIND) disprove the earlier hypotheses of leading the positive impact on company's performance. In contrast, the negative associations are recorded. The interesting part is the family-company (FAMCO) that was hypothesized to be negative with the ROA which shows an inverse relationship. For the second measurement model using Tobin's Q as a dependent variable, the only variable that shows significant relationship is the family-company and consistent with the prediction in a negative direction with the company's value creation. Turning from the independent variables, for the GLS regression results, ROA and Tobin's Q also reveal the control variables' predictive properties. The firm size (FSIZE) is found to be significant for both models and it indicates that the larger a firm is associated with the better survival and appreciated by investors; they feel more secure with back up resources that belong to the company.

The third objective of this study is to investigate the effect of the ownership structure on the performance of real estate companies. Specifically, this study concentrates on how family ownership, managerial ownership, institutional ownership and block holder ownership influence the performance of real estate companies in proxy by its return on assets (ROA) and Tobin Q. This study proposed that family ownership, managerial ownership, and institutional ownership have a negative impact on firm performance. Meanwhile, the block holder ownership shows a positive relationship with performance. Table 7(i) explains the result for the relationship between ROA and the ownership structure. Only managerial ownership exhibits a relationship with a firm performance which contradicts with our expectation as the result shows a positive relationship. This result implies that higher managerial ownership in RE companies will increase performance. However, the result is marginally low as the p-value is significant at a 10% level. Family ownership, institutional ownership, and block holder do not significantly influence accounting performance of RE firms. The large firms and RE companies that are audited by BIG 4 have the tendency to show healthy performance. In contrast, the RE companies that are having high leverage show low ROA. Table 7(ii) exhibits a strong positive relationship between block holders and Tobin's Q as the p-value of their relationship is significant at 1% level. In other words, investors view that, firms that are managed by block holder are more likely to produce high market expectation. Contradict from our expectation, a firm that is controlled by institutional investors also show a positive relationship which implies that the RE firms are having a high performance. The reason may be that besides pursuing a social objective, the institutional controlled firms also focus on increasing their performance. Through government support, these institutional controlled firms managed to survive by pursuing more project granted by the government. Result in Table 7(ii) displays a negative relationship between performance and size which explains that small firms are more profitable than large firms in the RE industry.

## 5. Conclusion

This study has provided an empirical evidence on the pattern and proportion of women directors in the RE companies in Malaysia. Further, the explanation on how the position of women directors in the RE industry is viewed in terms of its performance by using accounting measurement (ROA) and also market measurement (Tobin's Q). This study shows that despite the advanced support by many parties and the rule pronounced in a few countries of having women on board in order to improve the companies' performance, in reality, at least in the case of the RE industry in Malaysia there is still a long way to go. The findings also indicate that women directors in the RE Malaysian industry are dominant in family-companies. Thus, they are perceived to be unimportant in increasing company's financial performance or in improving the company's value as for both models there are no significant relationships documented. Surprisingly, the other independent variables, which included in the models, disprove the major idea of the predicted relationships between the variables.

For ownership structure, the existence of block holders can increase firm performance as the result of this study indicates a strong positive relationship. As firms controlled by block holders, it can enhance firm governance by monitoring the board activities which in turn increase their effectiveness and efficiency that lead to higher firm performance. Furthermore, both managerial ownership and institutional investors are significant in determining firm performance, but their directions are contradicted from our expectation. The reason may be due to higher ownership controlled by managerial and investor which makes them to have a say in a company and try to pursue their objectives. They try to do their best to enhance the firm performance in order to fulfill their personal objective in terms of return on their investment and also for job security.

As this study is focusing on the RE industries, the outcomes of the analyses performed are resonated with their nature of the operation that may have caused different impacts of the tested variables towards their performance, especially accounting performance (ROA). Future studies should also consider other industries that are listed on Bursa Malaysia. Such further study should bring about a more thorough understanding of whether and how female board of directors' influence board decisions. Second, it would be more interesting if the background of women director could be revealed comprehensively (such as education and experience) thus, a comprehensive view of women representation on RE companies board can be explained in details. Third, this study only uses a dummy for the existence of female director/s. Perhaps ratio of female directors would be a better indicator in measuring the percentage of woman on board. Finally, the current study only covers a short span of time, whereas future studies should analyse the relationship between gender diversity and firm performance in a broader time period.

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