Confluence of FSQCA and DID in the Treatment of Financial Antecedents of Malaysian Corporate Spin-offs

Yoon Teik-Meng [1], Law Siong-Hook [1], Fakarudin bin Kamarudin [1], Lau Wei Theng [1]

[1]School of Business and Economics, Universiti Putra Malaysia, Malaysia

https://doi.org/10.35609/gcbssproceeding.2026.1(57)

ABSTRACT

This study investigates the performance implications of Corporate Spin-offs (CSO) in Bursa Malaysia, a context characterized by financial antecedents and evolving corporate governance codes. While CSOs are a common corporate restructuring tool, empirical evidence on their post-event performance remains inconclusive, largely due to methodological approaches that assume symmetrical relationships and a single causal path to value creation. This research addresses this gap by pioneering a dual-method analytical framework that integrates Difference-in-Differences (DiD) with fuzzy-set Qualitative Comparative Analysis (fsQCA), forming pseudonymously fsQCA-DiD. The DiD model serves as a robust, traditional econometric tool to estimate the average treatment effect of the CSO event by comparing the performance trajectories of a sample of 40 spun-off Malaysian companies from 1994 to 2018 against a carefully constructed control group of non-CSO companies, thereby isolating the event's impact from confounding Bursa Malaysia trends. However, acknowledging that average effects may obscure the complex reality of company performance, the study concurrently employs fsQCA. This configurational approach treats performance not as a linear outcome of individual factors but as a result of the complex interplay between causal conditions. By analyzing conditions such as corporate governance quality, pre-CSO diversification levels, financial antecedents, and post-CSO industry-relatedness, the fsQCA aims to uncover multiple, equifinal pathways, or causal recipes, that lead to both high and low post-CSO performance.

JEL Codes:

Keywords: Corporate Spin-offs, Company Performance, Emerging Markets, Financial Antecedents, fsQCA-DiD