ABSTRACT

The National Development Policy has successfully achieved their objectives to increase the number of Bumiputera companies that can play an important role in the economy. The number of Bumiputera-controlled companies has increased during the booming period (1995-1996). During this period, many Bumiputera individuals showed their capabilities to handle mega projects in Malaysia. In order to achieve the NDP objectives, many Bumiputera companies stick together and listed in the KLSE.

However the Asian countries were hit by currency crisis in the middle of 1997. For almost two and half years, Malaysia experienced a turbulent economy caused by currency crisis. In order to see any impact caused by the currency crisis, the study examined listed Bumiputera companies performance due to the currency crisis. This study examined twenty-nine Bumiputera companies and twenty-nine non-Bumiputera companies. This study found those Bumiputera-controlled companies and non-Bumiputera companies were affected by the crisis. Both groups reported significance different for performance "before the crisis" period and "during the crisis" period. The study also reported that, the average stock returns for both groups were negative due to the crisis. The study found that there was no difference in performance between the high and low leverage groups of Bumiputera-controlled companies. The study also found that the Bumiputera companies tend to react faster than the non-Bumiputera companies if market was affected by any event.