ACU-7026

Impact of Corporate Performance and Financial Policies on Shareholder Value in Malaysia

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Submitted to the Faculty of Business & Accountancy,
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of the requirements for the Degree of
Master of Business Administration

September 2000

Perpustakaan Universiti Malaya
A510950377

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ACKNOWLEDGEMENTS

My sincerest thanks to my supervisor, Assoc. Prof. Dr. M. Fazilah for her patience, invaluable guidance and support throughout the course of this research project.

For my parents, thank you for your unending support.

To my wife Lye Yee, the light in the darkness. This journey has ended but a new one has just begun... ....

Last but not least, my sincere gratitude to my fellow course mates who have aided me, for their concern and help. All in all, together this has been a wonderful experience and I am sad that it has come to an end.

ABSTRACT

This study examines the relationships between firms' shareholder value levels and its corporate performance, financial policies and growth opportunities. A five-year period was used ranging from 1995 to 1999, and involved a total of 106 companies that are listed in the Kuala Lumpur Stock Exchange (KLSE). In attempting to increase knowledge regarding shareholder value issues in Malaysia, a better understanding about the various financial variables that affect shareholder value of companies in Malaysia is expected. Findings show that firms with higher growth opportunities tend to have higher shareholder value levels. The results are more mixed with regard to a company's corporate financial policies in that they tend to differ for different periods. With regard to corporate performance, no significant results were obtained. On the basis of these findings of this study, several suggestions for future research are discussed.

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