

UNIVERSITI TEKNOLOGI MARA

**THE EMPLOYEES' PERCEPTION
ON FACTORS OF INVESTMENT
DECISION AMONG
INVESTMENT RELATED PUBLIC
LISTED COMPANIES IN
MALAYSIA**

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THE ABSTRACT

Investment decision is one of the core activities that operates the company. The investment decision did not limit into purchasing of securities and shares but the hiring of the employees within the company. To accomplish a successful investment decision, we must consider all the factors that affect the situation. The study was done driven by the emergence of socially responsible investment movement. Nowadays, the investors also looking into other factors while making investment decision such as heuristics (a mental alternate route that enables individuals to settle on choices and take care of issues rapidly and efficiently), risk attitude, uses of financial tools and targeted firm's corporate governance. A set of established questionnaires being distributed to the 140 investment-related public listed companies in Malaysia in this study. Based on the findings, there is high level of effectiveness of investment made by the company. There is also positive relationship between heuristics, risk aversion, use of financial tools and targeted company's corporate governance with the investment decision. The targeted company's corporate governance was recognized as the most significant factor that influences the effectiveness of investment decision. This study beneficial especially for financial practitioner and could be useful for educational purpose.

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CHAPTER 1

INTRODUCTION

1.1 Preamble

Companies involved in sell and buy transaction every day. These transactions needed to be existed to support and maintain the operation of the business. The company form of business slightly difficult to be incorporated rather than sole proprietorship and partnership business. Companies were bound by rules and regulations as essentially stipulated from Companies Act 2016. The companies must comply all these regulations to maintain their structure of business. Backbone of the companies is corporate governance and corporate finance. It is a system and procedures on how the company should be controlled and governed. The corporate governance also involved the relationship between supplier, management, customer, government and the community itself. It acts as a balance to neutralize all the power that held by the top management of the companies. The corporate governance gives reminder to the top management to act accordingly as to inject thrust for profitability of the company. Corporate finance needed to be balance with the direction of the company. Absence of proper knowledge and skills to conduct corporate finance activities could heavily cost the organization. According to Aras & Crowther, 2008, good governance practiced by the company could increase public confidence towards the company's image and reputation.

There are famous stories on bad investment that happened on 1603. A species of flower that known as tulip was brought from Turkey to Dutch and it was a frenzy atmosphere sparks among the Dutch. They valued the Tulip worth as an estate. Many people within the Holland started to invest in Tulip but in the end the Tulip flower's price began to decline. Chaos among the investor as they rush to resell this unvalued Tulip flowers. This era marked as the earliest economic recession due to the bad investment made by the investors (Sooke,2016). Even this story involved a long time ago but stories on bad investment continue to happen all the time. This endless saga show that people