



UNIVERSITI TEKNOLOGI MARA

**FINANCIAL PERFORMANCE
DETERMINANTS OF TECHNOLOGY
SECTOR IN MALAYSIA**

NUR JUAINI FAZARINA BINTI JULAIHI
2019871172

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ABSTRACT

The stock market is a popular investment option for both individual and institutional investors in Malaysia. It aids capital accumulation and economic development in the country. One of the high demand stocks is the technology sector's stock. The purpose of this study is to determine the factor influence the firm's financial performance. Therefore, the relationship between the liquidity level, financial leverage, efficiency level and firm size towards the technology sector financial performance is determine by using the panel least square method. The research design for this study is employed a secondary data acquired from 20 listed firms over the 9-year period from 2012 until 2020. The total of 180 observations of the net profit margin (NPM) as the dependent variable and the independent variables are current ratio (CR), debt ratio (DR), total asset turnover (TATO) and firm size (FS) has found only debt ratio, total asset turnover and firm size have as significant relationship to net profit margin. Meanwhile, the current ratio has no significant relationship. These findings may help the management

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CHAPTER ONE INTRODUCTION

1.1 INTRODUCTION

The capital market is a key in immobilising and redirecting reserves into productive investments for the development of economy and industry. As a result, the stock market aid in capital accumulation and the country's economic development. In Malaysia, the stock market is a common investment choice for both individual and institutional investors. The high demand may increase the stock prices of the certain sector. For such, the success of the technology sector on the Kuala Lumpur Stock Exchange has risen dramatically in the recent decade.

Specifically, the technology firm in this sector's businesses are focuses on technology development and manufacturing. The services that technology firm in Malaysia provided are include maintenance of electronic systems and support facilities, provision of semi-conductor, manufacturing electronic components and devices, information and communication technology, telecommunication, property development and as well as infrastructure and service development.

Ernst (2001) Technological innovations are at the roots of wealth development in high-tech sectors, and they have been shown to have a major effect on firm financial performance. Kim, Park et al. (2019) Since a firm's performance is not necessarily measured in a single dimension but has a multidimensional aspect and correlation, it is important to classify the actual performances and examine the relationship between them. The ability to control and maintain its own resources can be seen by financial performance, which can contribute to the betterment of the firm as they can distinguish which factors contribute to its strengths and weaknesses

Consequently, this research aims to contribute to the current literature. This may also aid in determining what factors affect the firms in technology sector profitability. In next section. The summarization of previous study, chronology of the research including the methods and interpretation of the results will be discussed. The research will be concluded with analytical finding from the examination of the data collected. Finally, the limitation of this paper that should be addressed in future studies will be clarified.