THE THREE-FACTOR MODEL IN ESTIMATING COMPANIES PERFORMANCE IN MALAYSIA

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Submitted in Partial Fulfilment of the
Requirement for the
Bachelor of Business Administration with Honours (Finance)

BACHELOR OF BUSINESS ADMINISTRATION
WITH HONOURS (FINANCE)
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
SABAH

DECEMBER 2016

ACKNOWLEDGEMENT

To complete this works, it required lots of guidelines and I had faced many difficulties because of some circumstances that cannot be avoided. Thus, after completing this works, I had need to first give thanks to God for giving me strength and also patience to proceed with this works until finally it's finished.

I would also acknowledge with gratitude to Madam Roslida Binti Ramlee who always giving me advised and does not hesitate to give her help during the completing of this works. Thank you so much.

Also, I would like to thank all lecturer of UiTM Sabah that never tired of giving and sharing their knowledge until I manage to use that knowledge to conduct this study.

In addition, I also would like to thanks all staff from Angkatan Hebat Rent-A-Car Sdn Bhd for giving me chance to gained knowledge in their company and without penalizing me until I can proceed with completing my works.

Last but not least, thanks to my entire friend that not tired to share their knowledge and always giving their best to help me all the time.

Also, towards my family that always giving their support both mentality and financial support. Thank you so much.

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ABSTRACT

Nowadays, choosing the right model of portfolio is important to avoid errors in capital budgeting, evaluation for a portfolio and also in making any decisions towards risk analysis. Therefore, this paper study on the three-factor model in estimating companies performance in Malaysia. The three-factor model used to estimate the return on investment (ROI) for industrial product company in Malaysia. This is by considered the risk, size and also book-to-market value of the companies. All of the 154 companies with 5-years available data were taken and collected from main market of Bursa Malaysia. Panel data analysis had been used to conduct the entire test towards variables chosen. After doing all test and analysis for the data, there is only one positive significant relationship which is book-to-market value that indicates 99 percent of significant value. Thus, this findings support study on book-to-market value in calculating returns by Jacobs (2015).

Keywords: portfolio, risk analysis, return, companies