

UNIVERSITI TEKNOLOGI MARA

**THE INVESTOR DECISION IN
MANAGING RISK DURING
PRE AND POST GLOBAL
FINANCIAL CRISIS IN MALAYSIA**

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Thesis submitted in fulfillment
of the requirements for the degree of
**Bachelor of Business Administration
(Investment Management)**

Faculty of Business Management

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AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA Johor. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA Johor, regulating the conduct of my study and research.


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Programme : Bachelor of Business Administration (Hons)
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Faculty : Business Management

Thesis : The Investor Decision in Managing Risk During Pre
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LETTER OF SUBMISSION

21st December 2017

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Dear Madam,

SUBMISSION OF PROJECT PAPER

Attached is the project paper title “THE INVESTOR DECISION IN MANAGING RISK DURING PRE AND POST GLOBAL FINANCIAL CRISIS IN MALAYSIA” to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA, Johor Branch, Segamat Campus.

Thank you.

Yours sincerely,



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ABSTRACT

Global financial crisis has given enormous impact for the world's economy. During the global financial crisis began in United States (U.S), many large financial institutions have been fall out and negatively affected world's economy. The most affected industry is the banking industry and world's stock market. Malaysia is one of the countries that received an impact due to global financial crisis of 2007/2008 (Angabini & Wasiuzzaman, 2011). This research comes from the investor decision in managing risk during pre and post global financial crisis in Malaysia that lead to the existence of flight-to-quality from stock to bonds market. In the Princeton Encyclopedia of the World Economy, Aizenman (2009) describes flight-to-quality as actions by the investors to "liquidate assets in financial institutions due to a sudden increase in their perceived risk." When stock-bond correlations are positive during pre-crisis, and turn to negative during crisis, there is flight to quality (Baur & Lucey, 2009). Hence, the purpose of this study is to investigate the existence of flight from stock market to bond market which is before crisis, during crisis and after crisis in Malaysia. The sample of this study is the weekly stock indices and bond indices consist from July 2007 until July 2017. The method apply in this research is event study and uses to measure the effect of an event on the stock and bond value.

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