

BANK'S INFLUENCE AND FIRM'S
PERFORMANCE

NOFIRDA BINTI MUHAMAD
2005656087

BACHELOR OF BUSINESS ADMINISTRATION (HONS)
FINANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
JOHOR

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NOFIRDA BINTI MUHAMAD

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Submitted in partial fulfillment of the requirement of the
Bachelor of Business Administration (Hons) Finance

**FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
JOHOR**

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"DECLARATION OF ORIGINAL WORK"

- This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree or any other degrees
- This project paper is the result of my independent work and investigation, except where otherwise stated
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature:  ///()

Date: 11 MAY 2007

LETTER OF SUBMISSION

4 May 2007

ENCIK MUHAMMAD SUKOR BIN JAAFAR
FIN 660 Course Tutor
Bachelor of Business Administration (Hons) Finance
Faculty of Business Management
Universiti Teknotogi MARA 85009
Segamat
Johor.

Dear Sir,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled "Bank's influence and firm's performance" to fulfill the requirement as needed by the Faculty of Business Management, University Teknologi Mara.

I hereby submit this report for the topic above and really hope that you will find everything is satisfied.

Thank you

Yours sincerely,

Nofirda binti Muhamad
2005656087
Bachelor of Business Administration (Hons) Finance

ABSTRACT

Objective: This study involved three objectives. First, this study aim to investigate whether there is any significant effect of bank influence on the performance of firms. Second, this study plans to identify whether there is any significant effect of other factors on the performance of firm beside bank influence. Lastly this study, intend to identify whether there is any significant difference between performance of dependent and independent firms.

Methods: This study used Single Linear Regression to achieve the first objective. Meanwhile, Multiple Linear Regression model was used to identify whether there is any significant effect of other factors on the performance of firm beside bank influence, while Independent Group t-test model was used in order to identify whether there is any significant difference of performance between dependent and independent firms. The variables involved in this study are total fixed asset, net income, market to book value ratio, shareholders' equity and total debt.

Findings: This study found that, there is a significant effect of bank's influence on performance of firm. Moreover, this study also revealed, there is a significant effect of shareholder' equity on the performance of firm. In addition the results also show the positive relationship between shareholders' equity and performance of firm. On the other hand, this study proved, there are no significant effects of both net income and market to book value ratio on the performance of firm. Other than that, this study suggested, there is significant difference between dependent and independent firms' performance. Whereby, mean difference equal to 237015.05.