

THE IMPACT OF BARNINGS PER SHARB, DIVIDEND PER SHARB AND BOOK VALUE PER SHARB AGAINST STOCK PRICE BY DENCE FROM FBM KLCI

NUR SOFIE BALZURIEN BINTH BEDDU 2012861152

BACHELOR OF BUSINESS ADMINISTRATION
WITH HONOURS (FINANCE)
FACULTY OF BUSINESS BEANACEMENT
UNIVERSET TEXNOLOGI MARA
KOTA KINABALU, SABAH

DECEMBER 2015

ACKNOWLEDGEMENT

I would like to thank my supervisor Miss Anastasiah binti Harbi and my fellow classmates of BBA Finance, Universiti Teknologi Mara, Kota Kinabalu, for their assistance and guidance towards this work. Further, for the member of Bursa Malaysia for their support in data collecting process in this study. Finally, I would like to thank my family members for their support during this study.

TABLE OF CONTENTS

TITLE PAGE	i
DECLARATION OF ORIGINAL WORK	
LETTER OF SUBMISSION	
ACKNOWLEDGEMENT	
TABLE OF CONTENTS	
LIST OF TABLES	
LIST OF FIGURES	
LIST OF ABREVIATIONS	
ABSTRACT	xi
CHAPTER 1 INTRODUCTION	
1.0 Background of Study	1
1.1 Problem Statement	4
1.2 Research Objectives	5
1.2.1 General Objectives	5
1.2.2 Specific Objectives	6
1.3 Significant of Study	6
1.3.1 Future Investors	6
1.3.2 Fund Managers	6
1.3.3 Researchers and Students	7
1.4 Limitation of Study	7
1.4.1 Probability Sampling	7
1.5 Organization of Study	7
CHAPTER 2 LITERATURE REVIEW	
2.0 Introduction	9
2.1 Theory	9
2.1.1 Dividend Discounting Model	9
2.1.2 Price Earning Valuation Model	11
2.2 Review of Prior Studies	12
2.3 Conceptual Framework	16
2.4 Summary of Chapter	17

CHAPTER 3 DATA AND METHODOLOY

	3.0 Introduction	18
	3.1 Research Design	18
	3.2 Scope of Study	18
	3.3 Empirical Model	19
	3.4 Measurement of Variables	21
	3.4.1 Earnings per Share	21
	3.4.2 Dividend per Share	21
	3.4.3 Book Value per Share	22
	3.5 Hypothesis Development	23
	3.6 Research Methodology	24
	3.6.1 Panel Data Model	24
	3.6.1.1 Fixed Effect Model	24
	3.6.1.2 Random Effect Model	25
	3.6.2 Unit Root Test	25
	3.6.2.1 Levin-Lin-Chu Test	25
	3.6.2.2 Harris Tzavalis Test	26
	3.6.3 Diagnostic Test	26
	3.6.3.1 Serial Correlation	26
	3.6.3.2 Heterocedasticity	26
	3.6.3.3 Variance Inflation Factors (VIF)	27
	3.6.4 Estimation Procedure of Panel Data Approach	27
	3.6.4.1 Breusch and Pagan Lagrange Multiplier Test	27
	3.6.4.2 Hausman Test	28
	3.7 Flow of Research Methodology	29
	3.8 Summary of Chapter	30
CHAPTER 4	FINDINGS	
	4.0 Introduction	31
	4.1 Analysis Measure	31
	4.1.1 Descriptive Analysis	31
	4.2 Panel Unit Root Test	32
	4.2.1 Variance Inflation Factors (VIF)	33
	4.3 Breusch and Pagan Lagrange Multiplier Test	34

ABSTRACT

A number of studies have been undertaken to identify the factors that affect stock price. The present study examined the impact of earnings per share, dividend per share and book value per share on stock price on a sample of 37 companies listed in the main board of Kuala Lumpur Composite Index (KLCI) from the year 2009 until 2014. The results reveals that earnings per share, dividend per share and book value per share had insignificant impact on the stock price in the KLCI.