



LIQUIDITY SENSITIVITY ON STOCK RETURNS: EVIDENCE
FROM MALAYSIA COMPANIES LISTED IN BURSA MALAYSIA

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TABLE OF CONTENTS

TITLE PAGE	i
DECLARATION OF ORIGINAL WORK	ii
LETTER OF SUBMISSION	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS	v
LIST OF TABLES	viii
LIST OF FIGURES	Ix
LIST OF ABBREVIATIONS	X
ABSTRACT	Xi

CHAPTER 1	INTRODUCTION	Page
	1.0 Introduction	1
	1.1 Background of Study	
	1.1.1 Bursa Malaysia	1
	1.1.2 Liquidity	3
	1.2 Problem statement	5
	1.3 Research Objective	
	1.3.1 General Objective	8
	1.3.2 Specific Objective	9
	1.4 Significant of Study	
	1.4.1 For the Future Investors	9
	1.4.1 For the Researchers	9
	1.4.1 For the Public Reader	10
	1.5 Limitation of Study	10
	1.6 The Organization of Study	10
 CHAPTER 2	 LITERATURE REVIEW	
	2.0 Introduction	13
	2.1 Literature Review	
	2.1.1 Equity Market	13
	2.1.2 Liquidity	15
	2.1.2.1 Stock Return	18
	2.1.2.2 Trading Volume	19

2.1.2.3 Companies Size	20
2.2 Theoretical Framework	21
2.3 Chapter Summary	21
CHAPTER 3 DATA AND METHODOLOGY	
3.0 Introduction	23
3.1 Scope Of Study	24
3.2 Empirical Model	25
3.3 Measurement of Variables	
3.3.1 Proxy of Measures for Dependent Variable (Stock return)	26
3.3.2 Proxy of Measures for Independent Variable (Trading Volume)	27
3.3.3 Proxy of Measures for Controlling Variable (Company Size)	29
3.4 Estimated Procedure	29
3.5 Diagnostic Test	
3.5.1 Heteroscedasticity	30
3.5.1.1 Breush Pagan Godfrey Test	30
3.5.2 Multicollinearity	30
3.5.3 Ordinary Least Square	31
3.6 Hypothesis Development	31
3.6.1 Hypothesis One	32
3.7 Software Used	32
3.8 The interpretation of the Result	32
3.9 Flow of Research Methodology	33
3.10 Summary of Chapter	34
CHAPTER 4 FINDINGS	
4.0 Introduction	35
4.1 Analysis Measure	
4.1.1 Descriptive Analysis	35
4.2 Diagnostic Testing	
4.2.1 Heteroscedasticity Test	38

ABSTRACT

Lam and Tam (2011) stated that investors believe liquidity to be an essential factor when making the investment decisions. However, some researcher said that liquidity has not affecting the investor's returns. It is very important for the investor to know this matter since it can influence the investor's decision in making investment. The purpose of this study is to examine the relationship between the trading volume as the proxy for liquidity with the stock returns which has been a debate issue among the researchers. The general finding suggests that the liquidity which is trading volume give high return to the investor or not. This study used 39 companies that were selected from Bursa Malaysia using the convenience sampling technique between the period 2010-2014 and use the cross sectional analyses. In conclusion, there is insignificant relationship between trading volume and the stock return which it does not influence the investor's stock return.