

CH: 12244



**AN ANALYSIS ON THE SIGNIFICANT RELATIONSHIP BETWEEN
CORPORATE EARNING PERFORMANCE AND ECONOMIC VARIABLE FOR
CONSTRUCTION SECTOR LISTED ON KLSE MAIN BOARD
FROM 1995 - 2001**

**PREPARED BY:
DAYANG KO HADIAH BT AWANG BOHARI
99529708**

**PREPARED FOR:
ENCIK JAAFAR PYEMAN**

**BACHELOR OF BUSINESS ADMINISTRATION WITH
HONOURS (FINANCE)
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITY TEKNOLOGI MARA
KOTA SAMARAHAN**

OKTOBER 2003

TABLE OF CONTENTS

	Page
ACKNOWLEDGEMENTS.	iv
TABLE OF CONTENTS	vi
LIST OF TABLES	viii
LISTS OF ABBREVIATIONS	x
DEFINITION OF TERM	xi
ABSTRACT	xiv
CHAPTERS.	
1. INTRODUCTION.	1
1.1 Background of the study	1
1.2 The Scope of the study	8
1.3 Problem statement	9
1.4 Objective of the study	10
1.5 The significance of the study	11
1.6 Hypothesis statement	13
1.7 Limitation of the study	15
2. LITERATURE REVIEW	17-21

ABSTRACT

This study is aimed at determining and analyzing Construction Company's earning performance in Malaysia during the period 1995 – 2001. Two models have been selected to test and analyze that performance (multiple regression analysis and hypothesis testing). The findings have revealed that all the 3 economic indicators or independent variables i.e.; GDP, CPI and IR were found not significance in influencing the performance of the company's EPS.

The weaknesses of this study are only focused on the economic variables this is external and totally different from the internal variables, such as the organizational and management capability. Management influences on corporate earning performance may vary with organization characteristics and managerial leadership behavior. Managers may exploit an economics movement opportunity whereas leaders may forgo such opportunity or adapt slowly to it. A capable manager is of paramount important in times of organizational growth, development and crisis for most part of the organizations require maintenance which will slightly influenced the organizations performance. Therefore this study recommends to student and researcher to include the internal & non – economics variables in their future study.

1. INTRODUCTION.

1.1 Background of study.

The Malaysian's economy register a mild growth in 2002, after recovering from a downturn experienced in the last two quarters of 2001, following better export performance and continued pick up in domestic demand. With the mild recovery intact in 2002 and expected to gather momentum in 2003, the world economy is projected to register output growth of 3.7 per cent with trade expanding at 6.6 per cent.

Malaysian economy, with the stronger macroeconomic fundamentals already in place and complemented by more resilient corporate and financial sectors is now poised to benefit from the much-improved global economic environment projected for 2003. In the domestic sector, the multiplier effects of the fiscal stimulus measures have provided the benefit for continued economic expansion. A stimulus package amounting to RM7.3 billion was introduced, incorporating 90 measures under 4 main strategies, aimed at alleviating the impact of SARS and strengthening economic activities.

Rising consumer confidence arising from improving employment prospects and higher commodity prices are expected to raise consumer spending further. The efforts to speed up the implementation of public sector projects as well as increased

2. LITERATURE REVIEW

There are various factors that influence the corporate earning performance on an organization or a company. It mainly can be divided into two element i.e internal and external factor. Internal factor are those factor which can be control by the organizational management such as managerial skill, leadership style, staff performance, management of asset, finance, human resources and others.

Researchers in the strategic management field have offered a variety of models for analyzing corporate performance. However, little consensus has emerged on what constitutes a valid set of performance criteria (Lewin and Minton 1986). For instance, researchers have suggested that studies on corporate performance should include multiple criteria analysis (Cameron and Hitt, 1988). This multidimensional view of performance implies that different models and patterns of relationship between corporate performance and its determinants will emerge to demonstrate the various sets of relationship between the dependent and the independent variables in different models specified (Ostroff and Schmitt,1993).

There are numerous measure which can be used to evaluate the corporate performance that could be serve as dependent variables (Thomas C.Kinnear aand James R, 1991). However, more important than the specific measure chosen is the use made of multiple measures, because