



**THE IMPACTS OF FINANCIAL RATIOS TOWARDS
SHARE PRICE VOLATILITY EVIDENCE : PLANTATION
SECTOR IN MALAYSIA**

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ABSTRACT

This empirical study determines the impacts of financial ratios towards share price volatility among plantation sector in Malaysia. The objectives of this study are to determine the relationship between share price volatility and financial ratios and to identify the most significant of financial ratios that influence share price. The performance of the current share price has made investors to make a detailed before they want to invest in each stock. So it is important to investors to get enough knowledge and information about investment activities before makes any decision. To conduct this study, we only focused on Top 10 companies in plantation sector based on the market capitalization. In this study, the panel data that recovered is from 2011 until 2015. This is due to the most recent year after Global Financial crisis. The data used in this study were collected from Data Stream and Bursa Malaysia of the plantation companies. The data that were collected will be run by Stata 11 software to get the results. The dependent variable in this study will be share price which is quantified by the price of share of each companies selected in plantation sector. While the independent variables will be on the dividend yield, dividend payout ratio, return on equity and earning per share. The anticipated outcome of this research is to have the significant relationship between share price volatility and financial ratios. Therefore, DY has positively insignificant with share price volatility whereas DPR have positively significant with share price volatility. For ROE has negatively insignificant with share price volatility. And lastly EPS have positively significant with share price volatility.

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CHAPTER 1: INTRODUCTION

In this study, the first chapter that will be discussed is the overview of the study, problem statement, research objective, research question, significant of study and scope of the study. This chapter will analyze and determine the impacts and relationship of financial ratios towards share price. The dependent variable that been used is share price of the companies that have been selected. Whereas the independent variables that been covered in this study is dividend yield, dividend payout ratio, earnings per share and return of equity.

The population of study consists of several plantation companies that involved in palm oil industry listed in Bursa Malaysia. In this study we only focused on Top 10 companies based on market capitalization as a sample such as Sime Darby, IOI Corporation, Kuala Lumpur Kepong Berhad, Genting Plantation Berhad, Felda Global Ventures, IJM Plantation Berhad, TSH Resources Berhad, KULIM (M) Berhad, Sarawak Oil Palm Berhad and United Plantations Berhad. In conducting the research, the panel data that covered from 2011 to 2015 will be collected by annually from Data Stream and Bursa Malaysia of each of the 10 companies that selected in plantation sector.

This study also discussed the problems that are related on the topic in the problem statement while the objective of this study which is the important part will be explained in the research objective to determine more specific about the research. The research question on this chapter is focused on understanding what has been studied about the topic that are related to research objective and theoretical framework. The research question is become necessary to ask whether the question can be answered or not at the end of the research. This chapter also will discuss the significant of the study and scope of the study to make the research more knowledgeable and specific.