



**UNIVERSITI TEKNOLOGI MARA**

**THE IMPACT OF PROFITABILITY ON  
COMPANY VALUE OF TELECOMMUNICATION  
COMPANIES IN MALAYSIA: COMPARISON  
BETWEEN DURING AND BEFORE COVID-19**

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## ABSTRACT

Company value is an important medium for the company. Investor usually use company value as decision maker whether to invest or not with the company (Hidayah, 2014). One factors that affect the company value is profitability. Profit is the achievement of the company in their financial performance (Puspitaningtyas et al., 2018). The aim of this study is to look at the impact of profitability on company value. This study focus on telecommunication industry. It is because during the pandemic, telecommunication industry is an important and needed industry. During the Covid-19 pandemic, Malaysia introduced a new norm for their citizens which is to stay at home, use hand sanitizer and wear a face mask. This new norm encourages people to work, study and run their business at home only. Cheng (2020) stated that the domestic movement control and international travel ban have forced the business to depend heavily on technology to enable remote working arrangement. People also need telecommunication infrastructure to stay in touch with their families and friends. People also tend to have online meetings during the pandemic. According to the Jobstreet by Seek (2020) response, 67% of companies in Malaysia required staff to work from home. Based on the news by Gurmeet Kaur (2021) said that Maybank prefers to do hybrid or blended arrangement which is a mix of in-office and remote working. The CEO of Maybank said that working from home experience does not disrupt the working culture. The telecommunication infrastructure will be in high demand during the Covid-19 pandemic. It is because people need telecommunication to continue their work and study at home. This pandemic will give a huge amount of profit for the telecommunication companies in Malaysia. The dependent variables that will be used in this study is economic value added (EVA). The independent variables that will be used in this study are return on equity (ROE) and return on asset (ROA). This study will collect data in quarterly and study for 2018, 2019, 2020 and 2021. This study will make comparison during and before pandemic.

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# CHAPTER 1

## INTRODUCTION

### 1.1 Introduction

Company value is one of the factors that influence the investor decision. It is because company value related with the stock price. Hidayah (2014) explains that company value and stock price has positive relationship. It means that higher the stock prices, higher the company value. Higher company value will increase the confidence level of investor to invest in the company. The definition of company value is the worth of a business. Company value also can be define as how much the cost to purchase of the companies.

Triani & Tarmidi (2019) stated that dividend policy and investment decision are factor that influence the value of the company. Other factor that influence the company value is firm size, profitability of the company, liquidity, earning per share and capital structure. The others control variables that influence the company value is return on asset (ROA) and market to book values also influence the company value (Thi Le Ha et al., 2018).

According to the factors, this study choose to look the impact of profitability on company value. It is because, profit is the most important thing in company. Every businessman want to maximize their profit. So, the aim of this study is to look how the profit of the company influence the company value. Puspitaningtyas et al., (2018) describe profit as the achievement of the company in their financial performance. The author also explain that profit called an economic information instrument. Profit also able to capture various financial phenomena.

This study focus on telecommunication companies in Malaysia. In Malaysia, telecommunication industry contribute large proportion of the employment created. New from Trade website explain that the telecommunication industry is one of the fastest growing sectors in Malaysian market. The contribution of this sector on Malaysia's GDP is 18.5% in 2018 and expected to reach 20% in 2020. This study will