



UNIVERSITI TEKNOLOGI MARA

**DETERMINANTS OF FINANCIAL PERFORMANCE:
EVIDENCE FROM
ACE MARKET OF BURSA MALAYSIA**

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ABSTRACT

Financial performance is importance to the investor before they invest in the market. Investor must investigate the firm's management, shareholders and how the firm manage their debt to maintain their performance to gain trust from the investor. If the firm a doing well, it going to influence the investors to invest with them. A few variables that can be used to measure the firm performance such as return on asset, return on equity, earning per share and Tobin's q. There are some reasons explained to justify the firm's poor performance in the ACE market which linked to the nature of the market which high risk and too speculative. Hence this study is to examine the relationship and impact of market capitalization, capital structure, firm's growth, and liquidity on firms' performance which measured by Tobin's Q. This study applies the methods of descriptive analysis, correlation analysis and multiple regressions in examine and analyse the selected variables. It spans the period from 2015 until 2020, a period of 6 years of 17 listed companies in ACE Market of Bursa Malaysia. The study found that market capitalization and debt to equity has positive and negative significant relationship with firm performance while growth and liquidity shows insignificant impact with performance (Tobin's Q). According to the Rahman (2016) state that there is a positive relationship between liquidity ratio and firm performance which measure by return on asset. These findings suggest and give consideration for the investors to monitor the factor affecting the firm performance before make decision. In a nutshell, the researcher has come up with the conclusion and advice as a suggestion for a better and safer choice for the investor to choose a better firm with a good performance.

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

Financial performance has been a subject for the discussion for all the researcher that want to study the performance of the company either in good management or not. It is important to the investors to know either the company can survive during the recession and critical time. Financial performance can be measured by various type of indicators which one of it is return on assets, return on equity or earnings per share.

According to the Financial Accounting Standards Board, financial reporting encompasses not just financial statements but also other methods of disseminating financial data for a company to outside parties. Financial statements contain information that can be used to make investment and credit decisions, as well as to determine cash flow prospects. It is the manager's duty to have sufficient knowledge in steering their financial management to ensure the financial viability of the company.

Due to the pandemic covid-19, lots of company has been affected because of movement control order announce by the government. Many sectors such as transportation and tourism has been affected by the economy volatile during that time. Many companies had to cut their spending and taking steps to save money. Following such events, people tend to avoid investing and choose to cut their losses by withdrawing savings, leading in a decrease in economic activity and, as a result, a decrease in total growth. Since the returns on investments are still low in most countries since economic growth has nearly come to a stop, it is impossible to determine whether individuals would exhibit such conservatism in the future.