



اُنْدِيْفُوْمَرْسِيْتِي تِكْنُوْلُوْجِي مَارَا
UNIVERSITI
TEKNOLOGI
MARA

RESEARCH TITLE

*A Study about Relationship Between Research and Development(R&D)
Toward Firm's Financial Performance Selected International Firms : Panel Data
Analysis*

PREPARED BY :

YUSMA NADHIRAH BINTI MOHD YUSOF

(2014223186)

PREPARED FOR :

PUAN SUMAFFIATIEE BT SULONG

DATE OF SUBMISSION:

19 June 2017

ACKNOWLEDGEMENT

All thanks are due to Almighty Allah, the compassionate and merciful, who knows about whatever is there in the universe, hidden and evident and has enabled us to clarify a drop from the existing ocean of knowledge.

I have taken efforts in this project. However, it would not have been possible without the kind support and help of many individuals and parties. I would like to extend my sincere thanks to all of them.

I am highly indebted to Puan Sumaffiatiee Bt Sulong for her guidance and constant supervision as well as for providing necessary information regarding the project and also for her support in completing the project.

I would like to express my gratitude towards my parents and member for their kind co-operation and encouragement which help me in completion of this project

I would also like to express my special gratitude and appreciation to my colleague in developing the project and people who have willingly helped me out with their abilities.

TABLE OF CONTENTS

LIST

TITLE PAGE

DECLARATION OF ORIGINAL WORK

LETTER OF TRANSMITTAL

ACKNOWLEDGEMENT

TABLE OF CONTENT

LIST OF TABLE

LIST OF FIGURE

ABSTRACT

CHAPTER 1: INTRODUCTION

- 1.0: Background of study
- 1.1: Problem statement
- 1.2: Research objective
- 1.3: Significant of research
- 1.4: Scope of limitation of study
- 1.5: Conclusion

CHAPTER 2: LITERATURE REVIEW

- 2.0: Introduction
- 2.1: Theory of Research and Development (R&D)
- 2.2: Literature review
- 2.3: Conceptual framework

CHAPTER 3: DATA AND METHODOLOGY

- 3.0: Introduction
- 3.1: Data
 - 3.1.1: Variable definition
- 3.2: Methodology
 - 3.2.1: Panel unit root
 - 3.2.1.1: Levin Lin Chu test
 - 3.2.1.2: Fisher- type Test
 - 3.2.1.3: Im Pesaran Shin
 - 3.2.2: Breusch Pagan Lagragian Multiplier
 - 3.2.3: Regression model
 - 3.2.4: Diagnostic check
 - 3.2.4.1: Autocorrelation
 - 3.2.4.2: Multicollinearity
 - 3.2.4.3: Heteroscedasticity

CHAPTER 4: FINDINGS AND RESULTS

- 4.0: Introduction
- 4.1: Panel unit root test
- 4.2: Breusch and Pagan Lagrangian Multiplier
- 4.3: Diagnostic check
 - 4.3.1: Multicollinearity test
 - 4.3.2: Heteroscedasticity test
 - 4.3.3: Autocorrelation test
- 4.4 Regression model
- 4.5: Conclusion

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

- 5.0: Conclusion
- 5.1: Recommendation

6.0: Reference Appendices



ABSTRACT

Over the past few years, all researcher and scholar from all around the world shown a lot interest on research and development (R&D). It shown that R&D spending by most countries all over the world increase over the time. Economic boom on innovation and the application of a good way of latest know-how to add value of products and services and tactics of producing product and services especially by use research and development (R&D) investment. R&D investment is taken into consideration to be one of the most crucial elements for reinforcing technological development and economic growth for developed and developing countries This research are conduct to investigate the impact of Research and Development (R&D) firm's financial performance, Return on Asset (ROA) and Return on Equity (ROE). The findings, from both regression model shown that R&D show an impact toward firm's financial performance are not significant and show negative relationship with ROA and ROE. While for other control variables, leverage ratio and number of employee shown significant relationship with ROA and ROE . Number of employee show negative relationship with ROA and ROE. But leverage ratio show negative when ROA dependent variable but positive relationship when ROE as the dependent variable.

Keyword : Firm performance, Return on Asset (ROA),Return on Equity (ROE) Research and Development (R&D)