MODERN PARADIGM VERSUS OLD SCHOOL STOCK VALUATION MODEL: CASE STUDY FROM MALAYSIAN TECHNOLOGY BASED COMPANY

DARRYL DIXONEL CHIPLI

2013452696

BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS

(FINANCE) FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA (UiTM) SABAH

JUNE 2016

ACKNOWLEDGEMENT

To complete this thesis, I am asking help from lots of people around me especially my advisor, Associate Professor Dr. Imbarine Bujang. I would like to thank him for the guidance and continuous support, until I'm able to finish this thesis. I know every mistake that I have made along with this study and he always there to correct me. Without support and guidance from him, I would have face lot of unsettled problem and it affecting the progress of this thesis. Not to forget that knowledge that he has gave me during my fifth semester which is MGT 646, Quantitative Research Methods. Without it, it will be even more difficult for me to accomplish this study. With all of the knowledge and encouragement that he gave during class makes me feel excited and interested to learn more in research area. Thanks you Sir and May God bless him abundantly.

Besides that, I would like to give my token of appreciation to my beloved family. Thank you to my father and mother, whom always gave support during my journey as a degree student and always be able to support me in term of financial aid to complete my study. I would like to dedicate this study for them with hope that they will feel proud and satisfy with result of my study.

Lastly, I realized that many people involve and gave some help to make this study accomplish especially my classmate and friends. We always exchange our knowledge and opinion so that our thesis can be as perfect as it can. Without them, it will be hard for me to finish this thesis.

TABLE OF CONTENTS

	Page
DECLARATION OF ORIGINAL WORK	I
USE OF THESIS	II
LETTER OF SUBMISSION	III
ACKNOWLEDGEMENT	IV
TABLE OF CONTENT	V – VII
LIST OF FIGURES	VIII
LIST OF TABLES	IX
LIST OF ABBREVIATIONS	X
ABSTRACT	XI

CHAPTER 1 INTRODUCTION

1.1 Background of Study	1 – 2
1.2 Problem Statement	3
1.3 Research Objectives	4 -
1.4 Significant Objectives	4 – 5
1.5 Scope of Study	5 – 6
1.6 Limitation of Study	6 – 8
1.7 Organization of Study	8 – 9

CHAPTER 2 LITERATURE REVIEW

2.1 Introduction	10 – 11
2.2 Theory Used in the Study	11 – 13
2.3 The Relationship between Company Value and Sales	13
2.4 The Relationship between Company Value and Expected Growth in Sales	13 – 14
2.5 The Relationship between Company Value and Variables Cost	14
2.6 The Relationship between Company Value and Loss Carry-Forward	14 - 15
2.7 The Relationship between Company Value and Cash Available	15
2.8 The Relationship between Company Value and Accumulated Property, Plant and Equipment	15 – 16
2.9 Summary of Chapter	16

CHAPTER 3 DATA AND METHODOLOGY

3.1 Data Collection	17 – 18
3.2 Theoretical Framework	18
3.3 Empirical Model	19 – 21
3.4 Estimation Procedure: Cross Sectional	21 – 23
3.5 Flow of Research Methodology	24
3.4 Hypothesis Statement	25
3.5 Summary of Chapter	25

ABSTRACT

This study estimates Doffou (2015) model using cross-sectional data. Two factors are taken into account that are stochastic and deterministic variables. Data was collected from 20 public listed technology based companies in Malaysia for the period of 2009 to 2013. The data were collected from Data Stream, Yahoo Finance and UMS BESSAR Annual Report System. Cross-sectional analysis was run by using IBM SPSS Statistic 21. Multiple linear regression shows there's only significant relationship between sales, loss carry forward, cash available and accumulated property, plant and equipment to the company and the other remaining variable are insignificant. Paired Sample T-Test shows that there is significant difference between the old school models to the modern paradigm stock valuation model. It was found that the EMH theory in this study was applicable to the situation in Malaysia.