



**THE IMPACT OF ACCOUNTING VARIABLES ON  
SHARE PRICE IN MALAYSIA**

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## **ABSTRACT**

A number of empirical studies have been undertaken to identify the factors that affect share price. Past literature reveals that movements of stock price depend on internal and external factors. Among the internal factors, firm specific factors such as dividend per share (DPS), earnings per share (EPS) and book value per share (BVPS) affect the determining of share price. The present study examined the impact of dividend per share, earnings per share and book value per share of stock price on a sample of 75 companies listed in Malaysia from 2014 to 2018. Using Ordinary Least Square (OLS) regressions model the result reveals that EPS, DPS and BVPS have positive relationship with share price but the variables have insignificant impact on share price.

**Keywords:** Share price, Earnings per share, Dividend per share, Book value per share

## **CHAPTER I: INTRODUCTION**

### **1.1 Research Background**

Share price which also called as Market Price or Stock Price by other researcher which aid as a foundation for the valuation to determine the company is break even. Share price is a measurement related to returns obtained by stakeholder, consequently the price connected to them serves as a basis for existing and potential traders in the capital market (Glezakos, Mylonakis & Kafourous, 2012). Every trader's primary objective is to trade on the stock market to make a fortune or vice versa. This is why a good understanding of the company's share price where traders will make an important investment.

In layman's terms, the share price refers to the highest amount traders are willing to pay or the lowest that can be purchased. Share prices change in daily basis by market forces and it is the cost of purchasing a security on an exchange. Share price relevance defined as a statistical relationship between share price or return and financial information (Francis & Schipper, 1999). The measurement of accounting explained share price in a suitable way where the assumption of efficient market hypothesis stated share price reflects all the available information (McLean & Zhao, 2014). Stock price is the price of a single stock that can be sold for a company. Stock quotes at a given moments which represent a balance between buyers and sellers. Price reflects collective wisdom and market knowledge (Sharma, 2011). The average share price earned from the high and low financial years are considered as market prices and the current price where assets or services can be sold or bought (Malhotra & Tandon, 2013).

Changes in share price can determine the return on investment in stock. Share price is one of the most important factors that influence investor investment decisions. The daily stock price can be obtained from Stock Exchange Market. It is hard to determine which share price should be regressed as a measure of dependent variable due to fluctuations. It is mostly determined by certain forces of demand and supply in the market (Zakir & Khanna, 1982 as cited by Kalama, 2013). The demand and supply can affect the stock prices. If the demand in buying a stock is more than supply, then the price will moves up. Conversely, there would be a greater supply than demand if more people wanted to sell a stock than buy it and thus leads to a fall in price.