



**THE EFFECT OF CSR AND OTHER DETERMINANTS ON  
SHAREHOLDER VALUE**

**JEVELLA MYRNA JELIUS  
2017683984**

**BACHELOR OF BUSINESS ADMINISTRATION WITH  
HONOURS (FINANCE)  
FACULTY OF BUSINESS AND MANAGEMENT  
UNIVERSITI TEKNOLOGI MARA  
CAWANGAN SABAH**

**Dec 2019**

## **ACKNOWLEDGEMENT**

Firstly, I wish to thank God for giving me the opportunity to embark on my Bachelor's Degree and for completing this long and challenging journey successfully. My gratitude and thanks go to my Research Advisor, Mr. Marius Benedict for the guidance and constructive criticism throughout the consultation.

My appreciation also goes to Universiti Teknologi Mara (UiTM) Cawangan Sabah who provided the facilities and assistance during sampling. Special thanks to my colleagues and friends for motivating and assisting me whenever I had problem doing this project paper.

Finally, I extent my gratitude to my parents for believing in me and supporting me when I am at my weakest moment.

## **TABLE OF CONTENTS**

	<b>Page</b>
TITLE PAGE	i
DECLARATION OF ORIGINAL WORK	ii
LETTER OF TRANSMITTAL	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS	v
LIST OF FIGURES	viii
LIST OF TABLES	ix
LIST OF ABBREVIATIONS	x
ABSTRACT	xi
<b>CHAPTER 1 INTRODUCTION</b>	
1.1 MOTIVATION	1
1.2 RESEARCH BACKGROUND	
1.2.1 OVERVIEW OF FTSE BURSA MALAYSIA KLCI	1
1.2.2 CORPORATE SOCIAL RESPONSIBILITIES: DEFINITION AND THEORIES	2-3
1.3 PROBLEM STATEMENT	3-5
1.4 RESEARCH QUESTION	5
1.5 RESEARCH OBJECTIVES	5
1.6 SIGNIFICANT OF STUDY	6
1.7 SCOPE AND LIMITATION OF STUDY	6
1.8 ORGANIZATION OF DISSERTATION	6-7
<b>CHAPTER 2 LITERATURE REVIEW</b>	
2.1 INTRODUCTION	8
2.2 THEORY	
2.2.1 AGENCY THEORY	8-9
2.3 EMPIRICAL EVIDENCE	
2.3.1 CSR AND SHAREHOLDER VALUE	9-11
2.3.2 FIRM SIZE	11
2.3.3 CORPORATE GOVERNANCE	11-12

2.3.3.1 BOARD GENDER	12
2.3.3.2 BOARD SIZE	12-13
2.3.3.3 INDEPENDENT DIRECTOR	13-14
2.4 CONCEPTUAL FRAMEWORK	15
2.5 HYPOTHESIS DEVELOPMENT	15-16

### **CHAPTER 3 RESEARCH METHODOLOGY**

3.1 DATA	17
3.1.1 DATA DESCRIPTION	17-18
3.2 EMPIRICAL MODEL	19
3.3 MULTIPLE REGRESSION ANALYSIS	
3.3.1 DESCRIPTIVE STATISTICS	19
3.3.2 DIAGNOSTIC TEST	
3.3.2.1 STATIONARITY TEST	20
3.3.2.2 AUTOCORRELATION TEST	20
3.3.2.3 MULTICOLLINEARITY TEST	20-21
3.3.2.4 HETEROSKEDASTICITY TEST	21-22
3.3.3 MULTIPLE REGRESSION	22

### **CHAPTER 4 ANALYSIS AND FINDINGS**

4.1 INTRODUCTION	23
4.2 DESCRIPTIVE STATISTICS	23-24
4.3 DIAGNOSTIC TEST	
4.3.1 MULTICOLLINEARITY TEST	25
4.3.2 AUTOCORRELATION TEST	25-26
4.4 PEARSON CORRELATION	26-30
4.5 MULTIPLE REGRESSION	
4.5.1 MODEL SUMMARY	30-31
4.5.2 COEFFICIENTS	31-33
4.6 TEST OF ROBUSTNESS	
4.6.1 PANEL DATA REGRESSION	33-35

## ABSTRACT

For any businesses, SMEs (Small and Medium Enterprises) to large corporations, linking firms with Corporate Social Responsibilities (CSR) activities can bring different opinion among the managers and shareholders. Managers' concern is to exercise their best effort in running the firms which can increase firms and shareholders' value. This is in line with the shareholders' goal which the purpose of their contribution is to make income. However, to some, CSR activities can be a burden for the shareholder since it is a costly project. The over-investment of managers in CSR activities may concern the shareholders earning. Agency theory is used as the underlying theory to further understand the concept of CSR among principle (board of directors) and agent (shareholders). This research aim to study the effect of CSR and other determinants on shareholder's value. It specifically studies on the top 10 company in Malaysia based on the highest market capitalization that is listed in the Kuala Lumpur Stock Exchange. This research used secondary sources where the data obtained from annual report and sustainability report. The research suggested that there is a significant relationship between CSR and shareholder's value. It is hope that the study can help in making investment decision for the investors.