THE INFLUENCE OF FINANCIAL INDICATORS TOWARD THE MCDONALD COMPANY PERFORMANCE IN MALAYSIA

MUHAMMAD FIKRI BIN HASHIM

2012863834

BACHELOR OF BUSINESS ADMINISTRATION
WITH HONOURS (FINANCE)
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA (TERENGGANU)

JUNE 2014

TABLE OF CONTENT

CONTENT	PAGE
CHAPTERONE: INTRODUCTION	
1. INTRODUCTION	
1.1. Background of Study	1
1.2. Background of the Company	1-2
1.3. Problem Statement	2-3
1.4. Research Objectives	3
1.5. Research Question	3
1.6. Scope of the Study	4
1.7. Significance of the Study	4
1.8. Limitation of Study	5
1.9. Operational Definition	5-6
CHAPTER TWO: LITERATURE REVIEW	
2. LITERATURE REVIEW	
2.1. Company Performance	7
2.2. Leverage	7
2.3. Liquidity	7-8
2.4. Company Size	8
CHAPTER THREE: DATA AND METHODOLOGY	

3. DATA METHODOLOGY

3.1. Introduction 9

3.2. Data 9

3.3. Methodology 9-10

3.4. Theoretical Framework 10

3.5. Hypotheses 11

3.6. Data Analysis 12-13

CHAPTER FOUR: RESULT AND DISCUSSION

4. RESULT AND DISCUSSION

4.1. Introduction 14

4.2. Descriptive Statistics 14-15

4.3. Stationary Test 15-20

4.4. Determinant of Lag 20

4.5. Cointegration Test 21-23

4.6. Discussion 23-24

CHAPTER FIVE: CONCLUSSION AND RECOMMENDATION

5. CONCLUSSIONS AND RECOMMENDATION

5.1. Introduction 25

5.2. Conclusion 25

5.3. Recommendation 25-26

ACKNOWLEDGEMENT

First and foremost, I would like to express my gratitude to the Most Merciful Allah S.W.T. for blessing me with great health condition and sufficient time to keep making progress on this research. I would also like to thanks to both of my research supervisor and coordinator, Madam Fathiyah binti Ismail and Madam Nurul Syuhada binti Hj. Baharuddin that without their assistance and supervision, it would be impossible for me to complete my research successfully. I would refer to them when I am facing any trouble regarding my research along this period. I also like to thank my second examiner, Prof. Madya Hj. Hussian Dollah for his opinion and recommendation. Not to forget to both of my parents and those who have help me in completing this research.

Besides, I also gratefully acknowledge to the library Resource Center of Universiti Teknologi Mara Dungun, all lecturers in Faculty of Business Administration and colleagues for their cooperation and facilities throughout the study. Last but not least, I hope this research study would be beneficial and act as guidance to future researchers who interested to explore and gain as much as possible knowledge from this research.

ABSTRACT

This research seeks to identify the relationship between financial indicator that are leverage, liquidity and company size with the company performance. The competition between the fast food company last so long since 80's, competing between McDonald and KFC. Over the years, new competitors come joining the market such Burger King, Subway, Carl's Jr and others. It is interesting to analyze the competition of fast food company in Malaysia. As compared the data from Osiris system, all of this companies show an increment in term of profit. Nowadays, there are companies that are facing problem to manage the performance of the company not only in term of demographic area or others but the financial indicator that related to the company performance such as leverage debt ratio, liquidity such current asset, operational like total asset turnover and company size such total asset. Plus, the performances of the McDonald Corporation not always increase every year even the trend show the increment. Therefore, the researcher wants to study the financial indicators that are on leverage, liquidity, and company size that influence the company performance. The research use secondary data and time series analysis.

KEYWORDS: FINANCIAL INDICATOR, COMPANY PERFORMANCE, LEVERAGE, LIQUIDITY, COMPANY SIZE, TIME SERIES