UNIVERSITI TEKNOLOGI MARA

THE DETERMINANTS OF SYSTEMATIC RISK: CASE OF DEVELOPERS' COMPANIES IN MALAYSIA

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Thesis submitted in fulfilment of the requirements for the degree of

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AUTHOR'S DECLARATION

I declare that the work in this project paper was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Universiti Teknologi MARA, regulating the conduct of my study and research.

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ABSTRACT

This thesis studies the relationship between financial variables and systematic risk. There are five (5) financial variables which have been chosen as determinants of systematic risk from the perspective of developer's companies in Malaysia which is liquidity, leverage, operating efficiency, profitability and dividend pay-out ratio. The key question in this research is which determinant is the most influence the systematic risk. For this research, diagnostics test which is Multicollinearity test and Normality test have been used to answer the key question. In conclusion, the findings of the ten developers' companies in Malaysia that are public listed in the Bursa Malaysia show that liquidity, operating efficiency and dividend pay-out are negatively related towards systematic risk whereas profitability and leverage are positively related towards the systematic risk (beta). The results of significant association for the financial variables are similar with some of the previous studies and some of them is not. The findings provide opportunities for investors and financial policy makers to maximise the returns. Moreover, this study will be conducted by using panel data methods and comparing between regression model in order to choose the best model estimation in the panel data method.

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