



UNIVERSITI TEKNOLOGI MARA

**FACTORS AFFECTING FIRM'S FINANCIAL
PERFORMANCE: A STUDY ON THE SELECTED
LISTED COMPANIES IN MALAYSIA**

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February 2021

ABSTRACT

Firm's financial performance is an important part for the company. The financial performance issues had been discussed among nations and organizations leaders throughout the world. Board of directors are expected to play an important role in ensuring the stability of the company's financial performance. The purpose of conducting this study is to determine which variables could be the factors affecting the firm's financial performance in Malaysia. This study will use financial performance as dependent variable and board size, leverage and firm size as independent variable. The observations for this study consist of 30 listed companies in Malaysia that have been selected with time period consists of five years which is from 2015 to 2019. These data were collected from *Refinitiv Eikon* by Thompson Reuters. In the past studies, several researchers have been conducted their research that related with this study and from their study shows several result that there is positive relationship between dependent variable with independent variables and several result shows that there is negative relationship between dependent variable and independent variables.

ACKNOWLEDGMENT

I wish to thank God for giving me the strength to complete this research paper. I would love to express my gratitude and thankful to Ms Sharazad Binti Haris for willing to spare her time and I am very grateful for her being able to guiding me to completing this final year project paper.

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CHAPTER 1: INTRODUCTION

1.1 Introduction

Financial performance is a measurement of how well for a firm can use its assets to generate revenues for the firm. Financial performance also could be used to measure the firm's financial health of the company for a certain period. Although financial performance plays an important role to generate revenues for the firm, the board of directors also plays a very important role in ensuring the company's financial performance not only great from an economic point of view, but it's also from the stability of the company and social aspects. Because of that, the board of directors has played a very important role which is responsible for ensuring the stability of the financial performance of the company. Every decision made can have a positive or negative impact on the company. Therefore, the board of directors has an important role and responsibility to ensure the company's performance at an encouraging level and maintain the company's financial performance. For market players such as investors and shareholders are now more concerned about social and environmental implications caused by companies' operations. This is because for investors, a company that has good financial performance and board members that is reliable and trustworthy in making important decision can give confidence to investors in the company. Therefore, this has made the role and responsibilities of the board of directors increasingly important to maintain the company's financial performance. For this study, it will focus on the factor that determining firm financial performance.

1.2 Background of The Study

Firm financial performance has been discussed at various levels including at the national level and among the heads of organizations. While many organizations have acknowledged the demands of firm financial performance behaviour, there are other factors that can influence a company's financial performance. Another factors that affect the company's financial performance is the board of directors. The board of directors plays a very important role in ensuring the company's financial performance at good financial health not