



**SINGLE BAROMETER:
THE ANALYSIS EFFECT OF VALUE BASED
MEASURE OF PERFORMANCE TOWARDS STOCK PRICE
EVIDENCE FROM MALAYSIA COMPANIES LISTED IN
BURSA MALAYSIA**

**MUHAMMAD REY BIN ZAIRAN
2013791743**

**BACHELOR OF BUSINESS ADMINISTRATION
WITH HONOURS (FINANCE)
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
KOTA KINABALU, SABAH**

JANUARY 2016

ACKNOWLEDGEMENT

Assalamualaikum Warahmatullahi Ta'ala Wabarakatu

I am thankful to the One and Mighty God ALLAH S.W.T for helping me by giving me a good health and ease my way or task that lead to completion of my project paper (FIN668).

Foremost, I would like express my deepest gratitude to Associate Professor Dr Imbarine Bujang because for his continuous dedications which helped me to completed my Bachelor Degree study and taught me in the research field until I able to know about Research.

I am able to complete my Thesis successfully because of the encouragement and moral support by Associate Professor Dr Imbarine Bujang. Not to forgotten, I am also would like to thanks to Mdm. Sarmila Udin and classmate for their knowledge, opinions, moral support and ideas regarding my research work.

I am also would like to say thank you to Universiti Teknologi Mara (UiTM) Sabah for giving me opportunity to pursue my study until Bachelor level. Not forgetting, my sincere appreciation goes to all lecturers for their sacrifices in term of times in giving the best guidance.

For the most important persons in my life, both of my parents Zairan Asakal and Noraini Bte Amil for their moral support for me to pursue my study. Finally to my brother and sister all of my friends for support me and always share their knowledge and ideas for all the times during our study.

TABLE OF CONTENTS

TITLE PAGE	ii
DECLARATION OF ORIGINAL WORK	iii
LETTER OF SUBMISSION	iv
ACKNOWLEDGEMENT	v
TABLE OF CONTENTS	vi
LIST OF FIGURE	ix
LIST OF TABLES	x
ABSTRACT	xi

CHAPTER 1: INTRODUCTION

1.1 Introduction	1
1.2 Background of study	5
1.3 Problem Statement	9
1.4 Objective of Study	13
1.5 Significant of study	15
1.6 Scope of study	21
1.7 Limitation of study	22
1.8 Organization of study	24
1.9 Chapter Outline	28

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction	30
2.2 Theory of study	31
2.3 Literature Review	32
2.4 Conceptual Framework	42
2.5 Summary	43

CHAPTER 3: DATA AND METHODOLOGY

3.1 Introduction	44
3.2 Research Design	45
3.3 Data Collection	45
3.4 Empirical Formula	47
3.5 Measurement of Variables	47
3.6 Estimation Procedure	48
3.7 Hypothesis	49
3.8 Software Used	50
3.9 Summary of Chapter	50

ABSTRACT

The traditional measure of performance such as Earning per share and Return on equity was widely used around the world to measure stockholder value creation but due to its weakness, the value based measures was created. Nowadays, most investor more prefer to use value based measure of performance which focuses on changes in value. Value based measure consist of 2 components: Economic Value Added (EVA) and Market Value Added (MVA). In this study, EVA obtained its value from difference between return and cost. MVA is the present value of future EVA. Secondary data was collected from the company's financial reports and Bursa Malaysia. This study involved 30 companies in the Malaysia stock market from 3 different industries during as well as pre, during event and post event of the Global financial crisis (2004-2012). A panel data analysis as an analytical method was conducted to show whether EVA and MVA had a strong relationship with stock price. The Fixed Effect Model, Random Effect Model and Ordinary Least Square (OLS) test was performed and Fixed Effect Model Accepted. It was found that only MVA had a significant relationship with Stock price at 99% critical level.