



**FACTORS THAT INFLUENCE INVESTMENT DECISION
MAKING IN MALAYSIA MANUFACTURING SECTORS**

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ABSTRACT

The determinants that affect investment decision making. There are many assumptions that make unclear statement about the factors that affect investment decision making at firm level. To find the factors that influence investment decision making at firm level. Objectives: 1) To determine factors influence investment decision making 2) To determine the relationship between company performance and investment decisions making. 3) To identify the relationship between leverage of the company and investment decisions making. Dependent variable: Firm investment using ratio of firm's net income to its total investment (ROI). Independent variables: Profitability, Leverage, Fixed capital intensity, Sales and Cash flow. Data/Sample Description: The data will acquire in the DataStream UiTM and the company itself as the resources to complete this research such as balance sheet and financial statement. The study choose six manufacturing company that listed in Bursa Malaysia. Statistical/Economic Method: The methods of estimation for panel data are Ordinary Least Squared, Fixed Effects Model and Random Effects Model. Prediction Results: The expected result will be there is a significant relationship between the tested financial variables and investment decisions making in manufacturing sector in Malaysia.

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CHAPTER 1: INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Investment involves the commitment sum of capital for generate benefits that will be received in the future time in the form of income flow or capital gain or combination both of it. In economic terms, investment is process where optimize capital for maximum possible income or return by Ashraf (2013). There are many of investment decision making process like allocation of asset, multi asset portfolio, pension funds, public funds. Investment need to evaluate historic performance and assessment of future performances in order to get the best return on it.

Capital investment decisions are hard in managing strategic and sustain long term performance such as acquisitions, investing in new facilities, new product development, new technology, new business process or some combinations of these have far reaching the organization future success.

There are many factors that affect the investment decision making in all type of business such as property, manufacturing, telecommunication, transportation and cosmetics. The factor that affect the decision making are cash flow, leverage, fixed capital intensity, sales growth, business risk, firm size, ownership concentration and external factors like inflation, currency, political and regulations by Thi and Dong (2013). So that this very difficult to determine where factor that affect most of the decision making, what factor that need to emphasize in order to make a decision making.