



**FINANCIAL INDICATOR INFLUENCE INVESTMENT
DECISION OF PROPERTY SECTOR IN MALAYSIA**

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ABSTRACT

This paper primarily focuses on the impact of financial indicator on investment decisions of firms and it is an attempt to explore the impact of financial leverage on investment levels. These impacts, if they exist, differed among companies with different investment opportunities and with different major shareholders. The objective of this study is to find out the impact of financial leverage on investment made by public listed property firm in Malaysia. The dependent variable is investment, while independent variables consist of Tobin Q, leverage, cash flow and sale. Sample period chosen was from 2006 until 2015 which is 10 years. The sample data were collected from *DataStream* on public listed companies under Properties sector in Bursa Malaysia. There are 138 companies listed in Main Market under properties sector but only 10 properties have higher volume issues by firms were chosen for this study.

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CHAPTER 1: INTRODUCTION

1.0 INTRODUCTION

This research focuses on the study of financial indicator influence on the investment decision on property sector in Malaysia. In this chapter, brief discuss about the background of study, problem statement, research objectives, research questions, significant of study, and scope of study will be carried out.

In this research, the objectives are divided into two categories which are main research objective and specific research objectives. The main research question is related to the dependent variable which it is significant or basic research in this study. As for the specific research question, it represents as the supportive for the main research question.

Apart from that, there are two types of variables that will be discussed in this study. The first type of variable is dependent variable which focuses on investment decision on property sectors in Malaysia. Second, the independent variables are TobinQ, leverage, cash flow and sale.

A lot of scholars argued that leverage and investment are strongly related. When the corporation have a higher level of leverage, even though that corporation have positive net present value (NPV) project can go unfunded because of the debt overhang created by prior debt financing (Myers, 1977)