



UNIVERSITI TEKNOLOGI MARA

**INTERNAL FACTORS AFFECTING
THE PERFORMANCE OF
STANDARD AND POOR'S 500
COMPANIES**

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ABSTRACT

The performance of company is the most importance things to be evaluate in order to determine the effectiveness of the firm. Dividend policy plays an important role in corporate finance because it gives a signal to the performance of company. The internal factors affecting the performance of Standard and Poor's 500 companies are study from year 2010 to 2016. The sampling of the study comprised of non-dividend paid and dividend paid company. Besides, the size market capital also is considered in in order to select the samples of study. The variables that used in this study are return on asset, liquidity, firm size and leverage. The Panel Regression method is used in order to obtain desire results. Besides, the normality test also is used in study in order to know the normality distribution of data. From the findings, liquidity, firm size and leverage shows negative relationship with dependent variable. On the other hand, the probability of F-statistics is 0.00000 which indicates that the null hypothesis is rejected at 5% level of significance. Thus, it can be concludes that at least one independent variable is affects by dependent variable.

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CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

For the first chapter of this study it will be discussed on the background of study, problem statement, research objective, research question, significance of the study, scope of study, limitations of study and definition terms. Regarding on the topic of study, this study will focus on the internal factors affecting the performance sixteen listed companies in Standard and Poor's 500 which are traded in American Stock Exchange.

From the title of the study, there are two different indicators that usually use by previous researcher to study the performance of company. The two different indicators are accounting based indicator and market based indicator. However, in this study it use accounting based indicator (return on asset) as dependent variable, meanwhile the independent variables are firm size, liquidity and leverage.

Research question and research objective also are explained in this chapter. Research question and research objective will ensure that this study is conducted within the scope of study.