

Effect of Financial Behavior on firm's Evaluation: A Panel Data Study of listed companies (2005-2017)

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Abstract:

The purpose of my study was aimed to investigate the role of the financial decisions-as a strategic decision- on the firm's market; Since the primary objective of the firm's financial management is to maximize its value in the stock market and to minimize the total cost of financing, it also, aims to maintaining the wealth of the stockholder's and increasing the profits of its stakeholder's. Thus, before making any financial decision, we should know its effect on the firm's value. To achieve the purpose mentioned above, the study sample was represented by: 387 Malaysian firms, and 108 Saudi firms, which are listed in Malaysian stock exchange, were selected over the period 2005-2017, and the data was collected from Thomson Reuter's financial DataStream, and sorted, cleaned and organized using stata.13 program. The study is attempted to testing empirically relationship between financial decisions and firm's value, by using the Panel Data methods. Empirical findings indicate that over the 2005-2017 period both of: size, profitability, liquidity, share price performance, inflation, payable zakat, and z-score are causal variables in financial leverage in Malaysian firms, with a correlation: 60.69%. Also, these causal variables affect the sample firm's value, with a correlation: 81.21%; which indicates the strength and the significant relationship between the ex- cited variables.

Keywords: Financial decision; Financing decision; Investment decision; Dividend decision; Optimal financial structure; Equity; Debt; Firm's value.

JEL Codes: G32, G35, C33.