

A Study On Abnormal Return Of The Joint Venture Announcement In Various Industries In The Main Board Of Bursa Malaysia

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ABSTRACT

This study examines the wealth effect of joint venture by 52 firms with 66 joint venture announcement on Malaysia participating firm's shareholders over the period 2003 to 2005. By using the information publicly available and market model method, researcher able to find out the wealth impact on the shareholders from the firms which entered into joint venture agreement. The results suggest that the joint venture in Malaysia is not a good strategy for wealth increasing for shareholders as there is insignificant wealth impact for the overall sample of firms and also in the each of the 7 industries examined. Besides that, the findings showed diversified joint venture has higher abnormal return compared to non-diversified joint venture. As a result, it is non-parallel with most of the past researchers. Future research implications are also offered in this research.