



**THE EFFECT OF COST OF CAPITAL TOWARDS THE  
CORPORATE PERFORMANCE OF PUBLIC LISTED  
COMPANIES IN MALAYSIA**

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SEGAMAT, JOHOR.**

**DECEMBER 2016**

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**Submitted in Partial Fulfillment  
of the Requirement for the  
Bachelor of Business Administration (Hons) Finance**

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UNIVERSITI TEKNOLOGI MARA  
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**DECLARATION OF ORIGINAL WORK**

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Hereby, declare that,

- ✓ This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree or any other degrees.
- ✓ This project paper is the result of my independent work and investigation, except where otherwise stated.
- ✓ All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## LETTER OF SUBMISSION

8<sup>th</sup> January 2017

Puan Suzana Binti Hassan  
Faculty of Business Management  
Universiti Teknologi MARA  
85009 SEGAMAT  
JOHOR DARUL TAKZIM

Dear Madam,

### **SUBMISSION OF PROJECT PAPER**

Attached is the project paper titled “**THE EFFECT OF THE COST OF CAPITAL TOWARDS CORPORATE PERFORMANCE OF PUBLIC LISTED COMPANIES IN MALAYSIA**” to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours sincerely,

.....

NURUL FARIHAH BINTI MOHD GHAZALI  
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## **ABSTRACT**

Firm's cost of capital is determined in the capital markets and is closely related to the degree of risk associated with new investments, existing assets, and the firm's capital structure. It is an overall return that a corporation must earn on its accessible assets and business operations in order to augment or preserve the value of its current stock. The cost of capital concept is also based on the assumption that the goal of the company is to maximize shareholder wealth (Abbasi, 2003). As the result, if the company cannot meet cost of capital or expected rate of investors, the stock value of company will decline (Panahiyan & Arobzadeh, 2008). Thus a careful approximation of a firm's specific financing and weighted-average cost of capital (WACC) is essential for a good financial management. Thus study highlights the effect of cost of capital towards company performance for a sample of 30 public listed companies in main market Bursa Malaysia for 10 years basis from 2006 to 2015.

The dependent variable of this study is Return on Asset (ROA) while the independent variables are Weighted Cost of Capital (WACC), cost of debt, cost of equity, price to earnings ratio (P/E), Tobin Q and debt ratio.