

DETERMINANT OF CAPITAL STRUCTURE ACROSS INDUSTRIAL PRODUCT LISTED FIRMS: EMPIRICAL EVIDENCE FROM MALAYSIA

SITI HAJAR BT SHUID 2010527127

ZULAIKHA BT MD HASSAN 2012625384

BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS (FINANCE) FACULTY OF BUSINESS MANAGEMENT UNIVERSITI TEKNOLOGI MARA KELANTAN KAMPUS KOTA BHARU

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DECLARATION OF ORIGINAL WORK



BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS FINANCE FACULTY OF BUSINESS ADMINISTRATION AND MANAGEMENT UNIVERSITY TEKNOLOI MARA "DECLARATION OF ORIGINAL WORK"

We,

I. Siti Hajar Binti Shuid

II. Zulaikha Binti Md Hassan

(I/C Number 890305-14-5294) (I/C Number 911122-08-6402)

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 results of our independent work and investigation, except where otherwise stated.
- All extracts have been distinguished by sources of our information have been specifically acknowledged.

Signature:

Date:

ACKNOWLEDGEMENT

In the name of Allah, the most compassionate and the most merciful.

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ABSTRACT

This research attempt to analyze the determinant of capital structure variable towards the leverage of industrial products sector in Malaysia using the firms listed in main market of Bursa Malaysia (the Malaysian Stock Exchange). This study examines the relationship between leverage (dependent variable) and five determinants identified as liquidity, profitability, growth, firm size and asset tangibility. Industrial products sector in Malaysia producing volume of good such as automobile and parts, chemicals, construction and materials, industrial metals and engineering, mining, electronic & electrical equipment, food production and also including oil and gas producers. The sample data of this study covered the period from 2004 until 2013 based on panel data set comprising 105 firms with total observations of 1050 firmyears. By applying random effects regression model, the result indicates that profitability and liquidity are significant negatively relations to leverage whilst growth, firm size and asset tangibility are positively significant in relations to leverage. Besides, based on the result disclose, the most dominant factor of the capital structure for industrial products sector in Malaysia is profitability. Some prior studies related with theoretical background of determinations of capital structure makes the findings were constant.