UNIVERSITI TEKNOLOGI MARA

THE IMPACT OF CAPITAL STRUCTURE ON FIRM'S PERFORMANCE: EVIDENCE FROM MALAYSIA PLANTATION SECTOR.

YASMIN MASTURA BINTI MOHD AMIN
2017959077

Thesis submitted in fulfillment
of the requirements for the degree of
Bachelor of Business Administration (Hons)
Investment Management

Faculty of Business and Management

July 2021

ABSTRACT

The objective of the study is to examine the impact of the capital structure of firm performance in Malaysia. The investigation has been performed using panel data procedure for a sample of 10 Malaysian listed plantation firms on the Bursa Malaysia Stock exchange during 2015-2019. The data is focusing in one sector which is plantation sector. The analysis exist attend with three performances research that happen contained Return on Equity (ROE), Return on Assets (ROA) and Earning per Share (EPS) as dependent variables. There have three capital structure measures that contained. Debt to equity ratio, total debt ratio and total equity ratios are the separate variables considered in this research. Data analysis may be performed using descriptive statistics and multiple regressions. The outcome of regression was also a definite achievement, assessed by Return on Asset (ROA), Return on Equity (ROE) and Earning per Share (EPS). This three of dependent variables bear whether the significant of relationship towards independent variables will be period related. Study advises firms attach importance to capital structure and instead concerning human capital development and management efficiency in asset use for performance improvement.

ACKNOWLEDGEMENT

Alhamdulillah praises, first and foremost, Allah S.W.T Almighty for his blessings, physical and emotional power, and much dedication in my attempting to complete this study research. It is hard for me to finish it on schedule without His blessing. Besides, I would like to thank those concerned and allow me the opportunity to complete this study research.

Furthermore, I would also want to thank Miss Nurulashikin binti Romli, my research advisor and Madam Yuslizawati binti Mohd Yusoff, coordinator for their support throughout the preparation of this thesis paper. Thank you for their support and for always helping me with all the knowledge and ideas, also for clear instructions and info in this phase. I will also want to thank all my friends and colleagues in the middle of preparing a report for their wonderful understanding and encouragement. All the given material was informative and helpful to me.

Ultimately, I would want to thank my families, that have always shown me their everlasting encouragement and care. My gratefulness and thanks go to the individuals who have willingly helped me to finish this research paper.

TABLE OF CONTENT

CHAPTER ONE: INTRODUCTION

1.0 OVERVIEW

This chapter are divided into several section. In first section, 1.1 Background of study briefly cover about introduction to capital structure. Section 1.2, cover by problem statement, discussed in depth about the issue exist in capital structure area. Research objective and research question are in section 1.3 and 1.4. Next section, 1.5 will present significant of study follows by 1.6 scope and 1.7 key term.

1.1 BACKGROUND OF THE STUDY

Capital structure is the term used by the company to fund its expenditures. This means the ownership of funds and money borrowed are appropriately arranged. The essence of commercial practises mostly influences the capital structure. The company opts for debt and preferential shares for secure profits. Many with unsecured wages are employed with domestic funds capital. In evaluating the capital structure, a company's organisational degree plays an important role. The financial planner prefers those low-cost streams of funding that might increase shareholders' worth.

According to Dada & Ghazali, (2016), the decision on corporate capital structure is regarded by every corporation as one of the largest decisions. The main question during capital development is the establishment of an optimum capital structure for companies, which advances when a company is incorporated, or an imminent capital requirement is required for companies. Capital structure is a system that shows how equities and loans are used to finance the company's businesses. The best financial framework for debt and equity may be argued for. The objective of the capital structure is to strike a balance between costs and returns in the company.