



**ARE NON SHARIAH COMPLIANT FIRMS MORE
PROFITABLE THAN SHARIAH COMPLIANT FIRMS
IN CONSUMER PRODUCT AND SERVICES SECTOR
THAT LISTED IN BURSA MALAYSIA?**

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TABLE OF CONTENTS

	PAGE
COVER PAGE	i
DECLARATION	iii
LETTER OF SUBMISSION	iv
ACKNOWLEDGEMENT	v
TABLE OF CONTENT	vi
LIST OF TABLES	x
LIST OF APPENDICES	xi
LIST OF FIGURES	xii
LIST OF ABBREVIATIONS	xiii
ABSTRACT	xiv

CHAPTER ONE

INTRODUCTION

1.0 Background of Study	1
1.1 Problem Statement	3
1.2 Research Question	5
1.3 Research Objectives	5
1.4 Significant of the Study	6
1.4.1 The Investors	6
1.4.2 The Researchers	7
1.5 Scope of Study	7

1.6 Limitation of Study	8
1.6.1 Data Constraint	8
1.6.2 Availability of Information	8
1.7 Chapter Summary	9

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction	10
2.1 Literature Review	11
2.1.1 Risk-Return Trade-off Theory	11
2.1.2 Non-Shariah Compliant Firms VS Shariah Compliant Firms	12
2.1.3 Hypothesis Development	16
2.2 Chapter Summary	18

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction	19
3.1 Data Description	19
3.1.1 Dependent Variable	19
3.1.2 Independent Variable	20
3.2 Data Collection Methods	21
3.3 Measure of Variable	26
3.3.1 Return on Asset (ROA)	26
3.3.2 Level of Debt of Leverage (LEV)	26

ABSTRACT

This paper is conducted for the purpose of analysing the profitability between Non-Shariah Compliant Firms and Shariah Compliant Firm in Consumer Product and Services sector that listed in Bursa Malaysia in order to understanding and compare which group of companies or firms is more profitable in the market. The analysis is segmented by 40 companies for the Non-Shariah Compliant Firms and another 40 companies from the Shariah Compliant Firms. All the companies were gathered from the list of Shariah-Compliant Securities report that given by Securities Commission Malaysia and it was already been shortlisted into 80 companies from the total securities for Shariah Compliant Firms and Non-Shariah Compliant Firms that listed. The total sample of 80 companies are comes from different kind of subsector which were selected randomly with average characteristic to each other. In addition, there are some company were excluded from this study due to unavailability of data in their annual financial report especially for recent years which is 2018 and that's why this research had to collect the data start with the year of 2017. We all know that there are three types of Market in Bursa Malaysia, but all of the data that being collected in this research were only from the Main Market and ACE Market, so the company from LEAP Market were being excluded. The total sample were covered of 5 years period which is from the year of 2013 to 2017. The dependent variable that used to measure the profitability is Return on Asset (ROA) towards the three independent variable which are Leverage (LEV), Asset Tangibility (TANG) and Asset Turnover (TANG). The result suggest that Shariah Compliant Firms are more profitable than Non-Shariah Compliant Firms. Moreover, the study found that the Asset Tangibility (TANG) and Asset Turnover (ATO) has a positive significant relationship compared to Leverage (LEV) for Non Shariah Compliant Companies. But for the Shariah