



**THE DETERMINANTS OF
WORKING CAPITAL MANAGEMENT OF
SMALL AND LARGE FIRMS IN MALAYSIA**

**DG IZZAH SYAFIQAH BINTI AISA
2017662318**

**BACHELOR OF BUSINESS ADMINISTRATION HONOURS (FINANCE)
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
KOTA KINABALU, SABAH**

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ABSTRACT

Intense focus has been placed on the importance of working capital management since the financial crisis that happened in 2008. There is no doubt that without a satisfactory level of working capital, businesses can not thrive and maintain their activities. Companies require efficient working capital management to ensure the continued profitability of their operations, which further improves shareholder wealth. Managers should take into account all the elements that concern working capital management. Thus, this research brings an idea of the relationship between working capital management and its determinants such as business leverage, company performance, and sales growth. by looking at the financial statement and balance sheet of top 40 main listed companies (non-financial institution) in Bursa Malaysia to represent the large companies and 40 companies (non-financial) listed in the FTSE Small Cap Index to represent as small companies for this study. Secondary data from 2014 until 2018 was carried out by using Stata12 (version 11) software. The outcome of the random effect model reveals that firm performance and firm leverage are the most important factors influencing the management of working capital but have not found any significant correlation between sales growth and working capital management. Additionally, this study also discovered that there are slight gaps in the results of Malaysia's large firms and small firms.

Keywords: *Working Capital Management, Cash Conversion Cycle, Leverage, Profitability, Sales Growth, Malaysia*