

A RELATIONSHIP BETWEEN FINANCIAL INDICATORS THAT INFLUENCE PALM OIL COMPANIES' PERFORMANCE: 2004 – 2013

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JULY 2014

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ACKNOWLEDGEMENT



"In the name of Allah, the Merciful, the Benefficient"

Glory to Allah S.W.T., the most gracious, the most merciful and peace to upon his messenger Holy Prophet Muhammad S.A.W the worship belongs to only Allah S.W.T. Alhamdullilah, finally I am able to complete this study.

First and foremost, I am extremely thankful and pay my gratitude to my advisor, Madam Fathiyah Binti Ismail for her valuable guidance and support on completion of this project in its presently. I also extend my gratitude to my second examiner, Prof. Madya Hj. Hussian Dollah. In order to complete this study, I also acknowledge with a deep sense of reverence, my gratitude towards my parents and member of my family, who has always supported me morally as well as economically.

At last but not least gratitude goes to all of my friends who directly or indirectly helped me to complete this project report for sharing their ideas and opinions. Lastly my special acknowledgement goes to Universiti Teknologi MARA for granting me the opportunity to pursue my study in this Bachelor in Business Administration (Hons) (Finance). I am appreciating for all of the helps and supports.

Thank you.

ABSTRACT

Company performances becomes as a benchmarking of establishment of a company. The objective of this study is to identify the relationship between financial indicators that influence palm oil companies in Malaysia. The panel data are used instead of time series. In order to complete this study, eleven palm oil companies are used with the period of ten years which is from 2004 – 2013. Internal variables were used as variable in this research. This study is employs regression model in order to investigate the relation of explanatory variables towards company performance. Based on this study, the results shows that debt ratio and size of firm are the variables that are significantly correlated with the Company Performance (ROA). However, current ratio is not significant towards company performances. Recommendation to future researcher for extends the area of scope to large scope and duration of period in order to get more accurate data. Besides, it is suggested to use external variable like GDP, inflation rate and interest rate which led to most reliable results for this paper. This paper also can be extended through other approach like time series method in order producing different result.

Keywords: Company Performance, Liquidity, Leverage, Size of Firm, Palm Oil Industry