



**FINANCIAL LEVERAGE IN MANUFACTURING SECTOR  
IN MALAYSIA**

**NUR SHAFIERA BINTI ASPAL ANAWAL**

**2014427702**

**BACHELOR OF BUSINESS ADMINISTRATION (HONS)  
FINANCE**

**FACULTY OF BUSINESS MANAGEMENT**

**UNIVERSITI TEKNOLOGI MARA**

**SEGAMAT, JOHOR**

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**UNIVERSITI TEKNOLOGI MARA**  
**SEGAMAT, JOHOR.**

**DECLARATION OF ORIGINAL WORK**

**NUR SHAFIERA BINTI ASPAL ANAWAL**

**2014427702**

Hereby, declare that,

- ✓ This work has not previously been accepted in substance in for any degree, locally or overseas and is not being concurrently submitted this degree or any other degrees.
- ✓ This project paper is the result of my independent work and investigation, except where otherwise stated.
- ✓ All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature:

Date: 31 Dec 2016

## **LETTER OF SUBMISSION**

31<sup>st</sup> December, 2016

Puan Zuraidah Binti Ahmad,

Faculty of Business Management

Universiti Teknologi MARA,

85009 Segamat, Johor.

Dear Madam,

### **SUBMISSION OF PROJECT PAPER (FIN 672)**

Enclosed here is the research entitled “FINANCIAL LEVERAGE IN MANUFACTURING SECTOR IN MALAYSIA” to fulfill the requirement as needed by Faculty of Business Management, Universiti Teknologi MARA.

I hope this report will fulfill the requirement of Bachelor of Business Administration with Honours and also achieved the objective of this study.

Thank you,

Yours faithfully,

Nur Shafiera Binti Aspal Anawal,

2014427702

Bachelor of Business Administration (Hons) Finance

## Acknowledgement

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the name of Allah, the Most Gracious, the Most Powerful

Alhamdulillah, thanks to the Almighty Allah S.W.T, finally I am able to finish this research proposal on time in a successful manner.

First of all, I would to express my gratitude to my supportive advisor Puan Zuraidah Ahmad for her guidance, support and giving advice in completing this research proposal. Also special thanks to Encik Abdul Razak Jambari, my lecturer for previous semester for subject Research Method (MGT648).

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## **Abstract**

This research paper will investigate the financial leverage of manufacturing firms that are listed in Bursa Malaysia. The sample of the data covers ten of manufacturing firm for the ten years period from 2005 until 2015. Panel data is used for the analysis and the ordinary least square method (OLS) is also used to minimize the error in the estimation results. The primary objective of this research is to investigate the relationship between financial leverage towards capital structure in manufacturing firms in Malaysia. For this purpose, debt ratios is taken as dependent variable meanwhile profitability, tangibility, firm's size, growth and risk are taken as independent variables. The findings of this study shows tangibility, firm's size and growth has positive relationship towards debt ratios. Meanwhile, profitability and risk has negative relationship towards debt ratios.