RELATIONSHIP BETWEEN CAPITAL STRUCTURE AND FIRM'S PERFORMANCE "STUDY ON GLC COMPANIES IN MALAYSIA"

SILMA BINTI JULI
2013394921

Submitted in Partial Fulfillment
Of the Requirement for the
Bachelor of Business Administration (Hons) Finance

FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
SEGAMAT, JOHOR.

DECEMBER 2016

BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
SEGAMAT, JOHOR.

DECLARATION OF ORIGINAL WORK

SILMA BINTI JULI   **2013394921**

Hereby, declare that,

- ✓ This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for 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: SILMA BINTI JULI   Date: 26st DECEMBER 2016

LETTER OF SUBMISSION

26ˢᵗ December 2016

Madam Zuraidah Binti Ahmad
Faculty of Business Management
Universiti Teknologi MARA
85009 SEGAMAT
JOHOR DARUL TAKZIM

Dear Madam,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled relationship between capital structure and firm's Performance "study on GLC companies in Malaysia"to fulfill the requirement as needed by the Faculty of Business Management, Universiti Technologi MARA.
Thank you.

Yours sincerely,

SILMA BINTI JULI
2013394921
Bachelor of Business Administration (Hons) Finance.

ACKNOWLEDGEMENTS

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِيمِ

In the Name of Allāh, the Most Gracious, the Most Merciful

First of all, I am truly grateful to Allah S.W.T for his blessing and for giving me mental and physical strength to complete this Project Paper In Finance entitled "The Relationship Between capital structure and firm performance:" I would also like to convey my special thanks to my parents for giving me the support and also to my colleagues for their valuable cooperation and opinion towards this project paper.

I would like to extend my gratitude and appreciated to Madam Zuraidah Binti Ahmad, my respectable advisor, for the continuous guidance and support enabling my work to be carried out. Besides that, I would also like to thank to other lecturer who have encouraged me for this study either directly or indirectly. Their kind and encouraging comments are much appreciated.

First of all thanks and I am very graceful to Allah SWT for giving me a chance to complete this research proposal on time. I would like to give a million appreciations for those who were involves on this project paper to be successful project paper. For giving me chance to complete this research.

Finally, it is impossible to thank all the people who had provided the support and thus I declared that I am indebted to all of those who have contributed in one way or another in making this project paper possible. They have provided invaluable insight and comment that have helped me in my understanding of the said project paper.

Thank you.

Relationship Between Capital Structure and Firm's Performance

"Study on GLC Companies in Malaysia"

ABSTRACT

Malaysia industries must be more competitive to sustain and competitive in globalisation. There are many factor involve in managing the quality and performance of a company. Malaysia GLCs are define as companies that have a primary commercial objective and in which the Malaysia Government has a direct controlling stake. Thus, this study is undertaken to analyse the relationship between capital structure and firm performance of five selected companies listed in Bursa for ten year period from 2006 until 2015. Return on Asset (ROA) is used to measure the firm's performance. This study also to determine whether the increase or decrease in financial performance tools for example Long Term Debt, Total Debt to Total Asset, Total Debt to Total Equity, will effect towards dependent variables which is Return on Asset (ROA). Another reason is to determine whether the hypothesis significance or not based on the positive and negative correlation to decide whether to accept or reject the hypothesis. DataStream and Osiris are used to collect the data and regression model is used to determine the data. Regression analysis includes any techniques for modelling and analysing several variable, when the focus is on relationship between capital structure and firm performance. In the previous study different researcher found different result on their study about the relationship between capital structure and firm performance.

KEYWORD: Return on Asset (ROA), Relationship between Capital Structure and Firm Performance, Government Linked Companies in Malaysia.